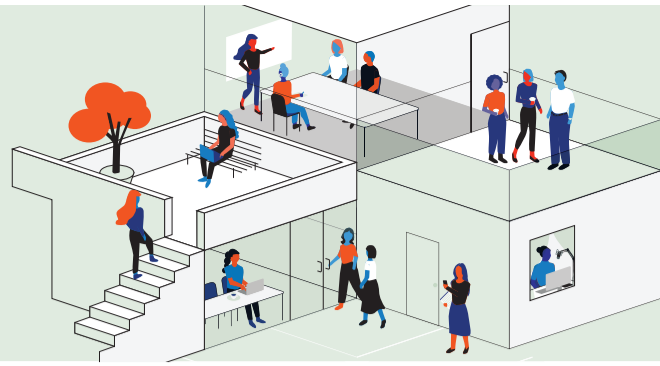


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What's News

Business & Finance

- ◆ **The average rate for a 30-year fixed mortgage topped 4% for the first time since May 2019, Freddie Mac said. A1**
- ◆ **Many U.S. homeowners earned more last year from home appreciation than they did from their jobs. A2**
- ◆ **Apparel retailers and department stores are meeting pockets of price resistance, a sign that consumers are curtailing spending. A1**
- ◆ **The S&P 500 and Dow both gained 1.2%, while the Nasdaq climbed 1.3%. Oil prices jumped. B10**
- ◆ **The Bank of England raised its key interest rate for the third time in as many policy meetings. A13**
- ◆ **FedEx's revenue rose 10% in the fiscal third quarter as higher shipping rates made up for shipping fewer packages overall. B1**
- ◆ **Amazon closed its \$6.5 billion acquisition of the MGM movie and television studio, even as the FTC continues to examine the deal. B1**
- ◆ **Barry Diller's Nevada gambling license has been delayed amid probes into the MGM Resorts stakeholder's share purchases of Activision. B3**
- ◆ **GameStop posted a loss for the holiday quarter despite a rise in sales, surprising analysts who were expecting it to turn a profit. B1**

World-Wide

- ◆ **Rescuers dug through the debris of a bombed theater in Mariupol where hundreds of Ukrainian civilians had sought shelter as Russian forces continued to shell the southern port city and other urban areas across the country. A1, A6-10**
- ◆ **Biden and Chinese leader Xi plan to confer as the U.S. works to deter China from deeper involvement with Russia during the invasion of Ukraine. A6**
- ◆ **Russia made good on payments to foreign bondholders, according to investors and traders, averting default on its foreign debt. A7**
- ◆ **Moderna asked the Food and Drug Administration to authorize a second booster dose of its Covid-19 vaccine for adults in the U.S. A3**
- ◆ **A tangle of encouraging trends in the U.S. and concerning signs abroad are raising questions about the pandemic's trajectory. A3**
- ◆ **Jeff Zients, the leader of the White House's Covid-19 response, will leave the job and be succeeded by public-health expert Ashish Jha. A3**
- ◆ **Xi vowed to reduce the impact of Covid control measures on China's economy and people's lives. A11**
- ◆ **Argentina's Senate approved a government deal to refinance \$44 billion in debt with the International Monetary Fund. A13**

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In Mariupol, Ukraine, people on Thursday walked past a residential building that was bombed by Russia. A local official said 80% to 90% of the city has been destroyed.

Ukrainians Sift Shelter Debris For Survivors

Theater in besieged city was bombed by Russians intentionally, Zelensky charges

BY ISABEL COLES AND BRETT FORREST

LIVIV, Ukraine—Rescuers dug through the debris of a bombed theater in Mariupol where hundreds of Ukrainian civilians had sought shelter as Russian forces continued to shell the southern port city and other urban areas across the country.

The entrance to a bomb shelter under the theater in Mariupol was blocked when the building partially collapsed from a Russian airstrike late Wednesday, said Pavlo Kyrylenko, head of the regional

military administration in the eastern region of Donetsk. Former governor Sergiy Taruta said on Thursday the shelter had remained intact and there were survivors.

President Volodymyr Zelensky of Ukraine accused Russia of deliberately attacking the theater in a speech, adding that the death toll is still unknown. Russia's Defense Ministry denied its forces conducted an airstrike on the theater.

Mr. Zelensky also spoke to Germany's parliament Thursday, his latest in a string of appeals to Western governments for more support, as European countries weighed sending more military equipment to Kyiv.

In Washington, the House passed legislation to end normal trade ties with Russia

Please turn to page A9

Russia's Revamped Military Stumbles

BY THOMAS GROVE AND STEPHEN FIDLER

For over a decade, Russia spent hundreds of billions of dollars restructuring its military into a smaller, better equipped and more-professional force that could face off against the West.

Three weeks into Russia's invasion of Ukraine, its first big test, the armed forces have floundered. Western estimates, while highly uncertain, suggest as many as 7,000 Russian soldiers may have been killed.

The dead included four Russian generals—one-fifth of the number estimated to be in Ukraine—along with other senior commanders, according to a Western official and Ukrainian military reports. The generals were close to the front lines, some Western officials said, a sign that lower ranks in forward units were likely unable to make decisions or fearful of advancing.

Russia's failings appear to trace to factors ranging from the Kremlin's wrong assumptions about Ukrainian resistance to the use of poorly motivated conscript soldiers. They suggest that Russia and the West overestimated Moscow's overhauls of its armed forces, which some military analysts say appear to have been undermined by graft and misreporting.

The military's previous outings in staged maneuvers and smaller operations in Syria didn't prepare it for a multi-pronged attack into a country with a military fiercely defended.

Please turn to page A8

Oil Market's Big Winners: 'Little Guys' Eager to Drill

Autry Stephens races to produce more with big players on sidelines

BY GREGORY ZUCKERMAN

In the spring of 2020, oil prices were crashing and Autry Stephens was in trouble. When prices stabilized a few months later, his Midland, Texas, oil company decided to take a gamble and expand drilling. His timing was perfect.

With oil prices today gyrating around \$100 a barrel, Mr. Stephens's company, Endeavor Energy Resources, and a few other privately held U.S. drillers, have emerged as pivotal players in the global energy market. The war in Ukraine and sanctions against Russia have hit supplies, and these smaller operators are among the few racing to produce more crude.

That is making them a lot of money. Mr. Stephens, who turned 84 last week, may be the biggest winner. Under financial pressure in early 2020, he now has become one of the wealthiest people in the American energy sector, with a net worth of more than \$10 billion, according to people close to him and market valuations of assets controlled by his company, of which he is the sole owner.

Mr. Stephens is a reserved oilman who often eats a cheese quesadilla with fries for lunch and is usually in the office seven days a week. He said he has never before seen a market with surging prices yet so little competition. "This is almost too good to be

Please turn to page A10

Queen Mary Makes Waves For Tiny Copy

Model of ocean liner goes back to home port

BY BECKY YERAK

When the South Street Seaport Museum sent its roughly 20-foot model of the Queen Mary to the namesake ocean liner, it expected smooth sailing.

The lower Manhattan nonprofit in 2015 rented out the little mahogany and mother-of-pearl vessel, which it considers a "Mona Lisa" in its collection, to the big Queen Mary in Long Beach, Calif.

But during the more than six years aboard the big ship, the little model suffered damage. Moths grazed on decorative green wool felt at the bottom of its case. Excessive humidity contributed to cracking and flaking of paint near mini-lifeboats. Light exposure led to the fading of a flag on the model. The rental fees,

Please turn to page A5

Average rate on a 30-year fixed mortgage, weekly



Mortgage Rates Rise Above 4% For First Time Since May 2019

BY ORLA MCCAFFREY

The era of ultralow mortgage rates is over.

The average rate for a 30-year fixed mortgage topped 4% for the first time since May 2019, Freddie Mac said Thursday. At the beginning of the year, the average rate on the U.S.'s most popular home loan was 3.22%. It hit a record low of 2.65% in January 2021 and spent more than half the year

under 3%.

Home-lending costs had been rising ahead of the Federal Reserve's decision Wednesday to raise rates for the first time since 2018. And while the Fed's quarter-point move didn't affect Freddie Mac's weekly average of 4.16%, recorded before the central bank's announcement, it is likely to send rates even higher. Mortgage rates are closely tied to the yield on the

10-year U.S. Treasury, which tends to rise in tandem with the Fed's benchmark rate.

Mortgages are the first place people are feeling the effects of the Fed's decision to start raising rates to curb inflation, but they won't be the last.

Banks borrow from each other at the Fed's benchmark

Please turn to page A2

◆ Rise in home values last year surpassed median pay..... A2

Shoppers Push Back on Price Hikes

BY SUZANNE KAPNER

Apparel retailers and department stores are bumping up against pockets of price resistance, a sign that consumers are curtailing spending as inflation remains at the highest level in four decades.

Macy's Inc. tried to raise prices on some mattresses and sofas by \$100, but shoppers pushed back, Chief Executive Jeff Gennette said. Clothing brand Bella Dahl raised prices

on its T-shirts by about \$20, then sales fell and the company rolled back the price increase. "There was a revolt," said Steven Millman, its chief brand officer. "If we go any higher, we'll do half the sales."

With inflation at a 40-year high, companies across the spectrum have been charging more to offset rising costs with little resistance from consumers. That trend is starting to change, especially on lower-priced apparel and furniture,

according to industry executives, analysts and consumers.

Retail sales slowed in February compared with January, according to the Commerce Department. Compared with February 2021, sales are up 17.7%, but a large chunk is due to rising prices. In some categories, such as gasoline and food, all the gains were driven by inflation, according to research firm GlobalData. In apparel, there is "some trading

Please turn to page A2

INSIDE



MANSION

Deluxe bathrooms go bold with colors and fixtures that make a statement. M1



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U.S. NEWS

Rise in Home Values Surpassed Jobs Pay

BY NICOLE FRIEDMAN

In this booming housing market, many homeowners earned more last year from home appreciation than from their jobs.

Zillow Group Inc.'s home value index, which estimates the value of the typical U.S. home, rose 19.6% in 2021 to \$321,634, an increase of \$52,667 from 2020. That figure was slightly higher than what the median U.S. full-time worker earned, which was about \$50,000 last year before taxes, according to Census Bureau data cited by Zillow.

That marked the first time that the annual nationwide dollar growth for the typical home value exceeded the inflation-adjusted median pretax income, according to a Zillow analysis, which goes back to 2000.

Home values surged last year as low mortgage-interest

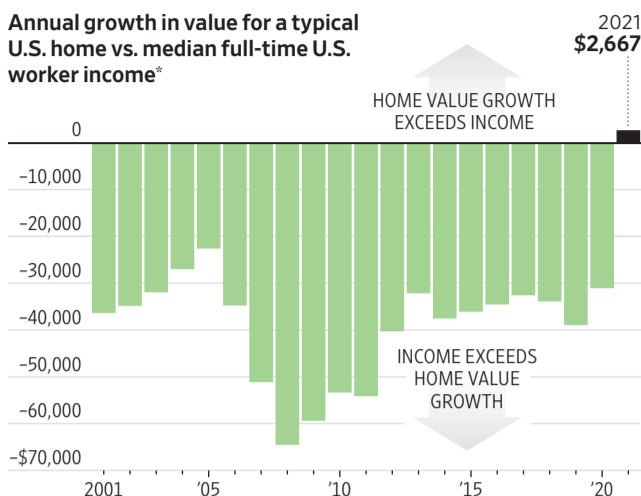
rates stoked buyer demand and the number of homes on the market remained unusually low. Remote work enabled some households to move from high-cost housing markets to less-expensive ones, where they were able to outbid local buyers. Investor purchases of single-family homes also increased.

The surge in home prices last year has been a boon to homeowners but has made it more difficult for first-time home buyers to enter the housing market.

“The people who are winning the housing bids, typically, are folks who have higher incomes or have the equity from their previous home that they’re able to put forward,” said Nicole Bachaud, an economist at Zillow. “That’s definitely a big challenge, I think, when we consider first-time buyers, renters, people who don’t already own a home

Last year the typical U.S. home earned more in appreciation than the median full-time worker earned in income.

Annual growth in value for a typical U.S. home vs. median full-time U.S. worker income*



*Inflation-adjusted median pretax income

Source: Zillow (home-value index); Zillow analysis of Census Bureau data (income)

and aren't really benefiting from that equity.”

Collectively, U.S. homeowners with mortgages gained

more than \$3.2 trillion in equity in 2021 compared with a year earlier, according to housing-data provider CoreLogic.

The difference between wages and the change in home values was especially wide in California, where home prices are among the highest in the nation, according to the Zillow analysis of 38 metro areas. In San Diego, for example, the typical home gained about \$160,000 in value last year, while the typical worker earned about \$55,000, Zillow said.

The median sales price in San Diego County rose to \$800,000 in February, up 17.5% from a year earlier, according to the Greater San Diego Association of Realtors.

“We have people...who call up and say, ‘I qualify for \$350,000, \$400,000, what can I do?’” said Carla Farley, broker owner at Corban Realty Group in San Diego.

At that price point, “there’s not much of anything you can do in the proper city of San Diego and the nearby outlying

cities,” she said. “It’s really tough.”

The increase in typical home values in fast-growing markets like Atlanta, Dallas, Salt Lake City and Boise, Idaho, also exceeded the median incomes for those areas, according to the Zillow analysis.

On the other hand, metro areas where last year’s home-value increase was less than the median income included Chicago, Washington, D.C., Philadelphia and Detroit.

The housing market has remained competitive this year. The inventory of homes for sale fell to a record low in January, according to the National Association of Realtors. The median listing price rose to a record high of \$392,000 in February, according to Realtor.com. (News Corp., owner of the Journal, also operates Realtor.com under license from NAR.)

Mortgage Rates Go Above 4%

Continued from Page One federal-funds rate, which in turn influences borrowing costs for all manner of consumer and corporate debt. Interest rates on credit cards and auto loans, among other things, will go up if the Fed raises rates an additional six times this year, as it signaled Wednesday.

A rate bump usually prompts banks to pay their depositors more, somewhat offsetting higher borrowing costs. But banks don’t need more money right now. Government stimulus during the pandemic plumped up people’s savings and, by extension, total deposits at U.S. commercial banks.

Rising borrowing costs pose another challenge for would-be homeowners already facing soaring home prices.

An average rate of around 4%, while still historically low, is sharply higher than the sub-3% rates that were available for much of last year. And the last time the 30-year mortgage rate topped 4%, the median home price was \$277,000, 26% lower than it is today.

The monthly payment on a



A steep decline in refinancings is expected to drag total single-family mortgage originations down by almost 38% in the first quarter.

\$375,000 home with an interest rate of 4% is \$220 higher than the payment on a similarly priced home would have been in December 2020, when rates were near record lows, according to Realtor.com data. With a 20% down payment, that would add \$79,200 to a 30-year mortgage. News Corp., owner of The Wall Street Journal, also operates Realtor.com under license from the National Association of Realtors.

Rising rates spurred David

and Rebecca Keezer to pay an extra \$4,000 to lock in an interest rate of 3.75% in February while they hunted for a home in the Cincinnati suburbs. The cost would be worth it, the couple figured, if they stayed in a home in their target price range for at least five years.

A seller accepted one of their offers this month. The couple and their two young daughters are moving from Florida, where the mortgage

on their current home carries a 4.125% interest rate.

“I’ve only ever known a 4% mortgage,” Mr. Keezer said. “And I wasn’t interested in learning about 5%.”

Higher rates have started to dent demand for mortgages used to buy homes. Applications for purchase mortgages fell 3.9% in February from a year earlier, according to the Mortgage Bankers Association.

But demand is down less than expected, economists

said, in part because there is so little inventory. At the current sales pace, there was a record-low 1.6-month supply of homes on the market in January, according to the NAR.

“There are still a lot of people who can afford to absorb these higher rates, maybe people with some generational wealth or equity gained from previous transactions,” said Selma Hepp, deputy chief economist at CoreLogic.

Shoppers Balk at Price Hikes

Continued from Page One down with more shoppers turning to value players for some of their purchases,” according to Neil Saunders, a GlobalData managing director. “This is likely in response to squeezed budgets.”

Unit sales of general merchandise goods such as apparel, footwear, toys and sports equipment declined in nine of the 10 weeks from Dec. 26 through March 5, compared with the same period a year earlier, according to market research firm NPD Group.

About 43% of consumers surveyed by NPD in February said that if prices continue to rise, they will delay less-important purchases to stick to a budget.

“We are seeing less demand as consumers pay higher prices,” said Marshal Cohen, NPD’s chief retail industry ad-

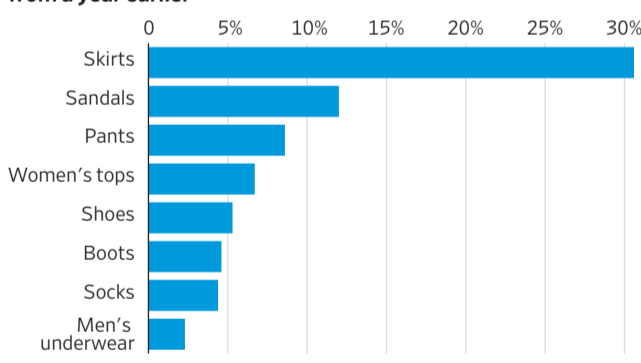
viser. “Price sensitivity is starting to show up. There is a threshold that consumers don’t want to go over.”

Calloway Cook of Northampton, Mass., had been spending freely throughout the pandemic, but he started cutting back in the past two months as higher prices and a stock market made volatile by Russia’s invasion of Ukraine have him feeling less affluent. Instead of buying a new winter coat, he is sticking with the one he has and is forgoing the sneakers he had been eyeing. “It seems like it’s a good time to be more frugal,” said the 28-year-old seller of herbal supplements.

Apparel retailers have been among the biggest beneficiaries of consumer spending as Covid-19 restrictions ease and people refresh their wardrobes in anticipation of more in-person meetings and social events. Chains from Macy’s to Target Corp. reported strong holiday sales, and many have curtailed promotions and raised prices, a departure for an industry that had been in a deflationary spiral for decades.

Crocs Inc.’s finance chief Anne Mehlman told analysts in

Prices changes for selected apparel items for January 2022 from a year earlier



Source: DataWeave

February that the company’s average selling price rose nearly 19% last year because of price increases and fewer discounts.

But as Citigroup Inc. analyst Paul Lejuez noted in a recent report about the impact of inflation on apparel companies, despite a strong job market and rising wages, consumer “wallets are not infinite.”

Roketa Dumas, a financial blogger who lives in Charlotte, N.C., planned to refresh her wardrobe this spring, but got sticker shock on recent shopping trips. Instead of buying four pairs of jeans, she settled

for one pair. Rather than five new bras, she bought two. “The budget I had set aside isn’t enough given how much prices are up,” the 38-year-old said.

It isn’t just the rising prices of gasoline and toilet paper that are eating into disposable income, but also a shift back to spending on services like dining out and travel.

The pushback from consumers varies across categories and brands. Luxury players have been jacking up prices with no visible collapse in demand. Items that are scarce because of supply-chain shortages also can command higher

prices. And shoppers are more willing to pay up for fashion items like spring dresses than basic T-shirts, executives said.

Analytics company DataWeave Inc. found wide disparities in the price increases by item and gender. The average price of skirts is up 31% compared with a year ago, while pants cost only 8.6% more. Women on average are paying an extra 13% for pants, while men are paying an additional 5.3%.

“Women tend to be more fashion conscious and are willing to pay up for the newest styles,” said Krishnan Thyagarajan, DataWeave’s president. Retailers are trying to figure out how far to push prices without losing customers and developing workarounds when price increases aren’t feasible, the executives said.

Some brands are reducing costs by using lower-grade leather, lighter-weight cotton or cheaper trim, said Brian Ehrig, a partner in the consumer practice of consulting firm Kearney. Others are switching to less-expensive manufacturing techniques such as single-brushed instead of double-brushed fabrics—the difference being that rollers only fluff the fibers on the outside to make them softer, not on both sides, said Jackie Ferrari, CEO of clothing manufacturer American Fashion Network.

Premium brands are taking the opposite tack, by adding quality to products in the hope that consumers will pay more. When Coach introduced the latest version of its Tabby 26 handbag last spring, which is made of softer, fluffier leather than the original, it raised the price by \$100.

“Consumers could really see the additional value,” said Todd Kahn, CEO of the Coach brand, which is owned by Tapestry Inc.

Luc Wathieu, a Georgetown University professor who has studied pricing, said consum-

ers are more likely to accept price increases if they are told the product is slightly different. “It cuts the comparison with the past,” Mr. Wathieu said.

He said that higher prices can make luxury items seem more desirable.

“The more expensive the item, the better it is perceived,” Mr. Wathieu said.

Macy’s has been able to charge more for expensive items but not less-expensive models. The chain raised the price of a \$2,000 sectional sofa to \$2,200. But it was unable to charge \$100 more for a \$499 sofa. It ran into the same problem when it tried to raise the price of a \$499 mattress.

“There is a threshold that consumers don’t want to go over.”

“We tried to raise the price, and the customer pushed back on that,” Mr. Gennette said in an interview last month.

The same applies to clothing. Mr. Gennette told analysts in February that the chain can charge more for fashion but not for basic tank tops, T-shirts and shorts. In the case of basics, “we could be working short,” Mr. Gennette said, meaning that Macy’s is making less of a profit or sometimes taking a loss.

While Bella Dahl wasn’t able to charge more for T-shirts, it has raised prices on other items such as jogger pants and is introducing more-luxurious styles like a \$400 puffer jacket. Even though it raised the price of its shirttail button-down last year by about \$12, Mr. Millman said he probably can’t go much higher. “There is a limit to how much people are willing to pay for core items,” he said.

CORRECTIONS & AMPLIFICATIONS

The consumer-price index, which increased at a 7.9% annual rate last month, hasn’t climbed so fast since it rose at an 8.4% annual rate in January 1982. A March 11 Page One article about U.S. inflation incorrectly said the index was at its highest level since 1982.

In some editions Thursday, the surname of Yan Xiong, who is a candidate for a New York seat in the U.S. House of Representatives, was given incorrectly as Yan on second reference in a U.S. News article

about the arrests of alleged Chinese agents accused of harassing dissidents living in the U.S.

Alibaba Group Holding Ltd.’s U.S. stock on Wednesday rose 37%, **JD.com Inc.** rose 39% and **Tencent Music Entertainment Group** rose 29%. The Nasdaq Golden Dragon China Index rose 33%. In some editions Thursday, a Business & Finance article about the rebound in Chinese shares contained intraday increases of 23%, 29%, 21% and 25%, respectively.

Readers can alert The Wall Street Journal to any errors in news articles by emailing wsjcontact@wsj.com or by calling 888-410-2667.

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U.S. NEWS

Moderna Asks FDA To Clear Second Booster

BY PETER LOFTUS

Moderna Inc. has asked the Food and Drug Administration to authorize a second booster dose of its Covid-19 vaccine for adults in the U.S.

The Cambridge, Mass., company said Thursday the dose could be given to anyone who received an initial booster shot of any of the authorized Covid-19 vaccines.

The Covid-19 vaccines from Moderna and from Pfizer Inc. and its partner BioNTech SE are given as two doses a few weeks apart, with a recommended third, or booster, dose at least five months later.

Moderna said it made its request based on recently published data from the U.S. and Israel following the emergence of the Omicron variant of the coronavirus.

Moderna's request follows one by Pfizer earlier this week for FDA authorization of a fourth dose—or second booster dose—for people 65 years and older.

Moderna said it requested a fourth dose for all adults 18 and older to provide flexibility for health officials and health-care providers to determine the best use of an additional booster shot.

Moderna is making its request, which the New York Times reported earlier, amid evidence that protection from an initial booster shot wanes over time.

An analysis from the U.S. Centers for Disease Control and Prevention released in February found that vaccine efficacy against Covid-related hospitalizations decreased by the fourth month after an initial booster dose.

To bolster their immune de-

The request comes amid evidence that booster protection wanes over time.

fenses, people with weakened immune systems should get the extra shots, health authorities say. The CDC already recommends the extra doses for the immunocompromised.

Yet researchers are divided on whether the general public needs additional booster shots, when they should be given and which individuals should receive them. There is limited data showing how well a second booster dose works, and it is somewhat mixed.

A research letter published online by the New England Journal of Medicine this week found that giving a second booster dose of either the Moderna or Pfizer-BioNTech vaccines to healthcare workers in Israel increased levels of neutralizing antibodies against the virus.

Countries including Israel, Germany, Sweden and the U.K. have begun or announced plans for second booster doses.

The Biden administration has eyed rolling out a second-booster campaign in the fall, if the extra dose is authorized by the FDA. People might be more receptive to getting the inoculations in the fall, administration officials say, if they are then looking to get their annual flu vaccinations.

Experts Wary as Virus Recedes in U.S.

BY JON KAMP

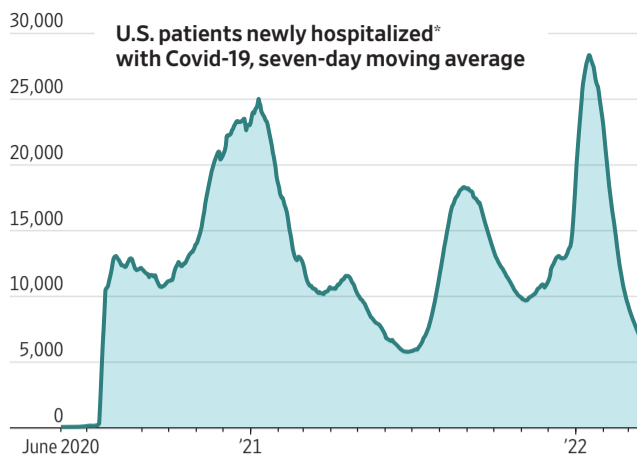
A tangle of encouraging trends in the U.S. and concerning signs abroad are raising questions about the Covid-19 pandemic's trajectory.

Counts of newly admitted Covid-19 patients in U.S. hospitals are nearing their lowest recorded level after any prior surge. The seven-day average for patients with confirmed and suspected Covid-19 cases admitted to hospitals slid to 6,406 by Wednesday, down from a record high that topped 28,000 in January, a Wall Street Journal analysis of federal data shows.

The Centers for Disease Control and Prevention recently folded hospital data into the measurements of community risk it uses to advise whether people should don masks in public, indoor settings. The move is intended to put the focus on disease severity as case data become less reliable because of the rise in at-home testing. Nearly all of the U.S. is now below the agency's general mask-recommendation point.

"We are way, way down," said Ron Walls, chief operating officer for Mass General Brigham, a Boston-area hospital system that recently had several dozen Covid-19 patients. The count has tumbled from a high of 623 in mid-January, though it remains above an earlier, post-surge low of 10 last July.

But U.S. health experts are watching rising Covid-19 case-



*confirmed and suspected cases
Source: U.S. Department of Health and Human Services

loads in parts of Europe. The U.K. is of particular concern because trends there have tended to presage those in the U.S. The spread of the BA.2 Omicron variant and the relaxation of Covid-19 precautions—two factors also present in the U.S.—might be driving up Covid-19 there, according to public-health experts. Research indicates that BA.2 is a yet more infectious version of the virus.

"Our experience with Delta and Omicron is that what happens with Europe doesn't stay in Europe; it hits us," said Jay Varma, a physician and epidemiologist who directs Weill Cornell Medicine's Center for Pandemic Prevention and Response.

A new rise in infections could mean a need to resume some pandemic-related restric-

tions, said Megan Ranney, an emergency physician and academic dean at Brown University's School of Public Health. She is concerned that the U.S. will dial back efforts to prepare for potential future surges.

"If we wait until when the surge hits to do the work, be prepared, then it will be too late and we'll once again be getting tested in the mail after the surge ended," Dr. Ranney said.

Physicians are hopeful rising levels of immune protection in the U.S., from both vaccines and infections, will help mute the impact of any future surge.

U.K. data show that while cases and hospitalizations have risen, the number of patients requiring ventilators has remained low. The U.K. Health Security Agency estimated in

White House to Get New Covid Chief

Jeff Zients, who has led the White House's Covid-19 response for more than a year, will be leaving the job in April and be succeeded by Ashish Jha as the Biden administration navigates a new strategy for the next phase of the pandemic.

The change in leadership underscores that the administration sees its Covid-19 response as less a reaction to the virus and more of a continuing public-

health situation. Dr. Jha, the dean of the Brown University School of Public Health, has championed many of the measures the administration has used to combat Covid-19.

Mr. Zients, an investor and former Obama administration economic adviser, was brought in to lead the response in part because of his reputation for taking on challenging situations. He earlier led a mission aimed at fixing HealthCare.gov, the website for the Affordable Care Act, when it experienced technological difficulties in 2013.

—Stephanie Armour

March that BA.2 represented more than four of every five known Covid-19 cases in England.

The CDC this week estimated that BA.2 recently represented about 23% of U.S. cases, far behind the U.K., but on the rise for several weeks. The estimate climbed to 39% in a region that includes New York and New Jersey, two of many states that recently lifted masking mandates as the winter surge retreated.

A New York health department spokeswoman noted that BA.2 prevalence has risen more slowly than in some places abroad. The department is expanding a wastewater-detection program to cover all counties and include sequencing for Covid-19 variants, she said.

Epidemiologists are watch-

ing the wastewater-detection systems, which measure virus concentrations in sewage and can provide an early glimpse of emerging trends. A CDC dashboard tracking hundreds of such sites, and looking for percentage changes over 15-day periods, has recently shown a rising number of sites reporting increases, a Journal analysis shows.

By March 11, about 39% of sites were higher over a 15-day period. That means most sites are still showing decreases in Covid-19 virus concentrations. Some changes in the data might be related to moves from a very small baseline, said CDC spokesman Brian Katzowitz.

◆ Xi vows to fight Covid-19 with less economic upheaval..... A11

State Telecommuting Policy Bruises Hartford

BY JIMMY VIELKIND

As it tries to bounce back from the economic damage caused by the Covid-19 pandemic, Connecticut's capital city of Hartford won't be getting help from one of its biggest employers: the state government itself.

Connecticut recently agreed to permanently allow most of its employees to telecommute as many as four days a week, in contrast with many state and local governments that are trying to set an example for private employers by pushing employees to return to offices in downtown cores.

As a result, a fraction of the roughly 13,000 state employees who worked in Hartford are returning on any given day and the state sold or ended the lease on four properties in 2020.

"It's going to reorder activity," Fred Carstensen, a professor at the University of Connecticut business school, said of the state's decision to maintain remote work.

The loss of foot traffic from Covid-19 lockdowns has already taken its toll on the city, which has around 120,000 residents and, pre-pandemic, a further 100,000 commuters. Twenty-seven percent of city residents said they lost their job since the onset of the pandemic and 31% said they used a food bank, according to a survey released last month by nonprofit research group DataHaven.

Occupied downtown office space decreased by 142,000 square feet in 2021 from the prior year, and the average lease length declined from pre-pandemic levels as tenants deferred long-term occupancy plans, according to a recent report by real-estate firm CBRE. Downtown shops and restaurants have shed employees, reduced hours and in some instances closed to focus on suburban locations.

With skyscrapers sprouting a few blocks from the Connecticut River, downtown Hartford has long been a center for commuters even as its population declined 30% from its peak



demographic and remains popular with state workers. Union leaders said their members liked the flexibility, and the administration of Democratic Gov. Ned Lamont saw savings on real-estate costs.

About two-thirds of the state workforce have jobs that can be done remotely and are working from home an average of four days a week, said Josh Geballe, the state's former chief operating officer.

"The longer-term model is a small number of larger buildings where we can efficiently share the space among our agencies," Mr. Geballe said.

The new system will help the state to attract new employees as it grapples with a potential wave of retirements because of a pension change that takes effect in July, he added.

Keith Hill, a supervisor in the Department of Energy and Environmental Protection, said he is now generally in his office in Hartford two days a week instead of the previous five.

He said the city isn't as busy as it used to be and food trucks that abounded in the park by his office weren't around last summer.

Leaders in other state and local governments, such as Pennsylvania and New York City, have restricted remote work and sent most public employees back to their offices.

In response to corporate consolidation and a declining population, Hartford in recent years has focused on developing residential housing to enliven a downtown that has long focused on serving commuters.

"We would love to see all employers bring every employee back five days a week, but I think we all recognize that there's been a sea change in the way a lot of employers think about the nature of work," Hartford Mayor Luke Bronin, a Democrat, said.

James Varano said his Hartford restaurant Black-Eyed Sally's is now closed on Mondays and Tuesdays and that downtown residents are a different kind of customer than commuters.



Clockwise from top: Hartford is the capital of Connecticut but state employees are allowed to telecommute four days a week. Hartford Mayor Luke Bronin. Black-Eyed Sally's is now closed on Mondays and Tuesdays.

in 1950. The city flirted with bankruptcy in 2017, but was bailed out by the state.

In addition to being a center of state government, Hartford is the traditional home to some of the nation's leading insurance companies. Two of them—Travelers Cos. and CVS Health Corp., the parent of Aetna—began bringing workers back to the office this week, but not everyone is working all five days, spokespersons said.

About 97,000 workers came to the city each day in 2019, of which 71,000 were employed in high-wage jobs, according to U.S. Census data analyzed by DataHaven.

Office workers account for the bulk of customers at Professional Barbershop on downtown Pratt Street, said owner Chris Rosa. He said sales haven't gone over half their pre-pandemic levels.

"There's just not enough meat to go around the table,"

Globe-Trotting Professor Will Journey to Space Aboard Blue Origin

BY JOSEPH PISANI

After traveling to every country on earth, Jim Kitchen's next stop is out of this world.

The professor and entrepreneur will be one of six passengers on an 11-minute Blue Origin flight to space next week, a lifelong dream for Mr. Kitchen, who has visited every country on the globe over a span of 30 years and now wants to see it from space.

Mr. Kitchen's children, who are 18 and 22, are happy for him, he said. But they're more

thrilled by his famous fellow passenger, Pete Davidson, the "Saturday Night Live" star and boyfriend of reality TV star Kim Kardashian.

"I'm getting some super cool dad points for going to space with Pete Davidson," said Mr. Kitchen, a 57-year-old professor at the University of North Carolina's Kenan-Flagler Business School. "They're excited to see me. But they're really excited to see me with Pete Davidson."

Other people on the flight, which is expected to take off March 23, include former Cali-

fornia Closets Chief Executive Marty Allen and Sharon Hagle, the founder of SpaceKids Global, a nonprofit aiming to inspire children to pursue space industry careers.

It will be the fourth human flight for Blue Origin, which was founded by Jeff Bezos, using riches he made founding Amazon.com Inc. Mr. Bezos flew on the first human flight last July.

Mr. Kitchen has always wanted to go to space, even making his wife, Susan Kitchen, promise him before they got married 25 years ago that she

wouldn't say no if he got the chance. "Obviously I obliged because it sounded ridiculous, right?," said Ms. Kitchen, 53, a sports dietitian and endurance coach. "I mean to space. I'm like, 'yeah, OK, whatever.'"

She wouldn't stop him anyway, she said, and isn't nervous about the flight, saying some of the countries he visited were more dangerous than going to space. Still, she's happy to just watch him from the ground rather than being with him on the rocket. "I have zero desire

to do this," she said.

Mr. Kitchen first contacted Blue Origin two years ago and then contacted them at least a dozen times after. He heard back from Blue Origin two months ago. He thinks he was picked because of his world travels, which he finished in 2019.

He is paying for his ticket. But Mr. Kitchen declined to say how much it costs, saying he signed a nondisclosure agreement with Blue Origin. A Blue Origin spokeswoman said it isn't disclosing pricing.



Jim Kitchen, seen with a llama in Bolivia, has traveled the world.

U.S. NEWS



From left, U.S. Rep. Conor Lamb, State Rep. Malcolm Kenyatta and Lt. Gov. John Fetterman are running in the Democratic Pennsylvania primary for Senate, set for May 17. The incumbent, Republican Sen. Pat Toomey, isn't running for re-election.

Campaign Finance Trial Begins for GOP Congressman

By Christine Mai-Duc and Deanna Paul

LOS ANGELES—The trial of Nebraska Rep. Jeff Fortenberry opened Thursday as jurors began considering charges that the Republican congressman lied to federal investigators in a bid to conceal illegal campaign contributions he received during a 2016 California fundraiser. Prosecutors allege Mr. Fortenberry, who has served in Congress since 2005, later learned that Lebanese-Nigerian billionaire Gilbert Chagoury illegally funneled \$30,000 in contributions to his re-election campaign through straw donors at the fundraiser. But during interviews with federal agents investigating alleged contributions by Mr. Chagoury to several U.S. political candidates, Mr. Fortenberry repeatedly denied knowledge of Mr. Chagoury's involvement, prosecutors alleged.

"This is a case about choices, a series of choices that the defendant made that led him down an illegal path of lies and deception," Assistant United States Attorney J. Jamari Buxton told jurors Thursday during opening statements at a Los Angeles federal courthouse. Mr. Buxton alleged that Mr. Fortenberry had continued to deceive investigators, despite multiple "off-ramps" and op-

portunistic investigators who had turned up little in a broad probe of suspect contributions to U.S. political candidates.

"The investigation started to turn into a nothing burger," Glen Summers, a lawyer for Mr. Fortenberry, said, adding that investigators saw Mr. Fortenberry's involvement as the "opportunity for a big takedown." As part of their case, prosecutors have cited a surreptitiously recorded phone call in which a co-host of the fundraiser allegedly told Mr. Fortenberry that some of the contributions from the event were likely funded by Mr. Chagoury. The co-host cooperated with federal investigators and helped them obtain the recording.

Mr. Summers told jurors that the call was an unmemorable one for Mr. Fortenberry, who may have been distracted or unable to hear—and didn't recall the exchange in detail when interviewed later by federal authorities.

"In reality, what they created was a failed memory test," Mr. Summers said, adding, "When you really look at it, it's clear as mud."

Mr. Chagoury entered into an agreement with the U.S. attorney's office in 2019 to avoid prosecution and admitted that he gave money to individuals in the U.S. to be used to make contributions to four candidates.

Mr. Fortenberry was a member of the powerful House Appropriations Committee and the top Republican on the Agriculture subcommittee, but stepped down from those positions after his indictment. House GOP Conference rules state that a member who is indicted on a felony charge that could result in two or more years of possible prison time must resign from committee posts.

Mr. Fortenberry represents Nebraska's First Congressional District, which is located in the eastern part of the state and is expected to remain in Republican hands in the 2022 midterm elections. The nonpartisan Cook Political Report rates the district "solid Republican."

However, Mr. Fortenberry will have to make it through a competitive GOP primary where the indictment has shadowed the race. One of his opponents, state Sen. Mike Flood, a previous speaker of the state Senate, has garnered the support of prominent local Republicans, including the current Gov. Pete Ricketts.

Mr. Flood and his supporters argue that Mr. Fortenberry's indictment will make him vulnerable in a general election.

—Eliza Collins contributed to this article.



Rep. Jeff Fortenberry (R., Neb.)

portunities to disclose the truth, and that he did so because "it benefited him, it benefited his friends and it preserved his ability to get additional money."

Under federal election law, foreign nationals are barred from making campaign contributions and donors can't disguise their identity by contributing in another person's name.

Mr. Fortenberry is fighting the federal charges while also running for re-election. Wearing a green tie on St. Patrick's Day, he showed little emotion in the courtroom as his defense team told jurors that the case was driven by overzealous, am-

Pennsylvania Voters Size Up Democrats in Pivotal Race

By Aaron Zitner

OIL CITY, Pa.—John Fetterman showed up in his customary hoodie sweatshirt. With his chin beard and 6-foot-8 frame, he looked more like a delivery worker than the typical occupant of the state's second-highest office, lieutenant governor.

But Democrats in this blue-collar city knew what to expect from their party's leading candidate for the U.S. Senate. "This is at least his third time here," said Josh Botts, a Presbyterian pastor. "Voters are fed up with politicians, and no one trusts the government. But John looks like a guy you'd have a beer with. He seems like a guy who'd keep his integrity."

With few policy issues dividing the two top contenders in the May 17 primary, the decision for Democrats in some ways comes down to this: Pick the candidate who favors the customary blue blazer, or the one famous for wearing shorts and a hoodie. The choice is about more than fashion: Democrats in this political swing state must choose between a traditional centrist, a type that has succeeded here in the past, or a self-described "unapologetic populist" who has emphasized progressive stances.

Rep. Conor Lamb, 37 years old, the more button-down candidate, is a Marine and former federal prosecutor with broad support from labor unions and a reputation as a political moderate. He talks about the need for political compromise and highlights his work promoting the Biden agenda in Congress.

Mr. Fetterman, 52, has used his position as lieutenant governor to press for marijuana legalization and greater opportunities for people convicted of crimes to win pardons. He drew national attention for his work as mayor to end gun violence in a largely Black borough near Pittsburgh, where he still lives across the street from one of the area's last operating steel mills.

A third candidate, Malcolm Kenyatta, 31, is a state representative from Philadelphia who trails the leading candidates in fundraising and in the scant polls taken so far.

With Republican Sen. Pat Toomey retiring, the 50-50 party balance in the Senate

All three Democrats back a \$15 minimum wage, labor unions and abortion rights.

will turn in part on a state that Democrats lost by 40,000 votes in the 2016 presidential race and reclaimed four years later by 80,000 votes, or less than 1.2 percentage points.

Both Messrs. Lamb and Fetterman believe that President Biden in 2020 laid out a path to Democratic victory that relies on regaining some of the party's support in rural communities and shrinking mill towns that have swung forcefully behind the GOP. Republicans face a competitive, expensive primary of their own as they hope to keep control of Mr. Toomey's seat.

Mr. Lamb says he has

proven he can win in Republican regions: In 2018, he won a special House election in a Pittsburgh-area district that two years earlier had backed former President Donald Trump by nearly 20 percentage points.

"Conor is the same kind of Democrat I am: Moderate, come-to-the-center, wants to get things done, not an extremist," said state Rep. Pam Snyder, the rare Democrat holding office in coal-mining Greene County in the southwest corner of Pennsylvania, where Mr. Trump topped 70% of the vote in 2020.

Mr. Fetterman's supporters say he connects with the hopes that many have for a restoration of more prosperous times. That was the case on a recent Sunday in Oil City, a community in the northwest part of the state where boarded storefronts mask the region's history as a hub of John D. Rockefeller's oil empire.

Voters who turned out to see Mr. Fetterman pointed out that broadband internet is scarce in a place that was once central to the U.S. economy.

"This is where the oil industry began, and there's a longing for the past. People are frustrated up here, myself included," said Adam Copley, 44, an unemployed former manufacturing worker. "I think Fetterman plays into that." His unconventional look, Mr. Copley said, "goes along with him not being a typical politician. People trust him."

Mr. Lamb, in an interview in Allentown, where he had addressed members of the state's Democratic Latino caucus in Spanish, said he has shown that he can win tough races

against Republicans. "What I don't buy is the argument that Fetterman is the person to do that just because of the way he dresses," Mr. Lamb said.

The lawmaker said he had worked in Washington to help pass the bipartisan infrastructure bill and other parts of the Biden agenda. "I have more of a record to show you in terms of compromise, getting bills done," he said.

At the same time, many in the party see a risk in focusing on counties where voters are relatively sparse and overwhelmingly white. Gains there could easily be erased by weak turnout among the racially diverse mix of voters in the state's main population center in and around Philadelphia, where most Democrats live.

Mr. Kenyatta, who is Black, says his childhood included financial struggles and eviction notices, and calls himself the candidate best able to "consolidate our regional base and to engage our young voters, our Black and brown voters and the suburban voters that we need."

All three Democrats support a \$15 minimum wage, abortion rights and labor unions, and would end the Senate filibuster, the procedural tool that has stymied Democratic legislation. Both Messrs. Lamb and Fetterman oppose bans on natural-gas fracking, which has brought new income to many communities, but have pushed for tougher regulations.

Mr. Fetterman has the largest campaign fund—he raised \$12 million through the end of last year, to Mr. Lamb's \$4 million and Mr. Kenyatta's \$1.5 million—and leads in the scant polls conducted so far.

U.S. WATCH

LABOR MARKET

New Jobless Claims Declined Last Week

New applications for unemployment benefits edged lower last week, remaining near historically low levels in a robust U.S. labor market.

Initial jobless claims, a proxy for layoffs, fell by 15,000 to a seasonally adjusted 214,000 for the week ended March 12, the Labor Department said Thursday. The four-week moving average, which smooths out week-to-week volatility, decreased to 223,000, compared with the previous week's revised 231,750.

Continuing claims, a proxy for the number of people receiving payments from state unemployment programs, fell to 1.41 million on the week ended March 5, down from 1.49 million the week earlier. Continuing claims are reported with a one-week lag.

The labor market has shown signs of strength so far this year. February saw robust payroll gains and job openings remained near a high in January. Wages have continued to grow at a brisk pace, though they slightly cooled last month.

—Bryan Mena

ECONOMY

Industrial Output Rose in February

U.S. industrial output grew in February, driven by gains in the manufacturing and mining indus-



NICE PRICE: Free gas drew drivers in Chicago's Humboldt Park neighborhood on Thursday. Businessman Willie Wilson gave out \$200,000 worth of gas to residents at 10 stations in the city.

tries, the Federal Reserve said Thursday.

Manufacturing output, a key component of the index, rose by 1.2% in February compared with the prior month, the largest monthly gain since October.

Manufacturing grew across a range of goods, the Fed said, with the exception of a decline in motor vehicle and parts production because of the shortage of semiconductors.

—Bryan Mena

CALIFORNIA

Reservoir Project Gets Funding Boost

A plan to build a giant reservoir in Northern California to help withstand the West's droughts got a large financial boost Thurs-

day when the federal government signaled its intent to lend the project nearly \$2.2 billion—about half of the cost to design, plan and build it.

The proposal would flood what is left of the town of Sites, a tiny community with just a handful of residents nestled in a valley of the coastal range mountains in rural Colusa County.

The idea has been around since the 1950s, but the current drought has renewed interest in the project, which is also in line to get about \$875 million from a voter-approved bond, plus a \$450 million loan from the U.S. Department of Agriculture.

The project still must clear some regulatory processes before construction, including an environmental review in which the project is facing resistance.

Unlike most reservoirs, the Sites project won't be connected to a river or stream for water to naturally flow into the lake. Instead, operators will pump water from the nearby Sacramento River.

—Associated Press

NEW JERSEY

Part of Hackensack River a Superfund Site

Sediment in a stretch of the Hackensack River in northern New Jersey has traces of arsenic, lead and other contaminants and was named Thursday as a U.S. Environmental Protection Agency Superfund site, federal and state regulators said.

Later assessments could reveal more about possible health effects, but for now, officials cautioned that the contaminants could be absorbed by fish in the 19-mile stretch of river, which runs from the Oradell Reservoir Dam nearly to the mouth of Newark Bay. Warnings against consuming any fish from the river have already been posted, officials said.

The listing means that the site will undergo a cleanup process, funded by still unidentified responsible parties.

The EPA's Superfund National Priorities List includes the nation's most serious uncontrolled or abandoned releases of contamination, and serves as the basis for prioritizing cleanup funding and enforcement actions.

—Associated Press

Massachusetts Mutual Life Insurance Company
 Notice of Annual Meeting
 Notice is hereby given that the Annual Meeting of Massachusetts Mutual Life Insurance Company will be held on Wednesday, April 13, 2022 at two o'clock in the afternoon, for the election of three (3) directors and the transaction of any other business which may properly come before said meeting. In light of the COVID-19 pandemic, MassMutual® is recommending that members attend the meeting virtually. Please see [MassMutual.com](https://www.massmutual.com) for additional information.

Tokunbo Akinbajo
 Corporate Secretary

MassMutual
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U.S. NEWS

Boy, 13, Drove the Truck in Crash of Golf Team

By TALAL ANSARI

A 13-year-old boy was driving the pickup truck that collided Tuesday night with a van carrying members of a New Mexico university's golf teams, killing at least nine people.

The new details of the West Texas crash were disclosed at a press conference held by the National Transportation Safety Board on Thursday.

"A 13-year-old child was behind the wheel of the pickup truck," said Bruce Landsberg, vice chairman of the NTSB.

Mr. Landsberg said the agency believes that the left front tire of the pickup truck was a spare tire, which failed, causing the truck to go into the opposing lane of traffic.

The truck struck head-on a University of the Southwest van carrying nine passengers, including members from the school's men's and women's golf teams, traveling from a tournament in Midland. Both vehicles erupted in fire.

Mr. Landsberg didn't say if the vehicles were traveling above the speed limit but noted that the posted speed limit in the area is 75 miles an hour. He didn't elaborate on the accident, saying it would take weeks for the preliminary report to be completed.

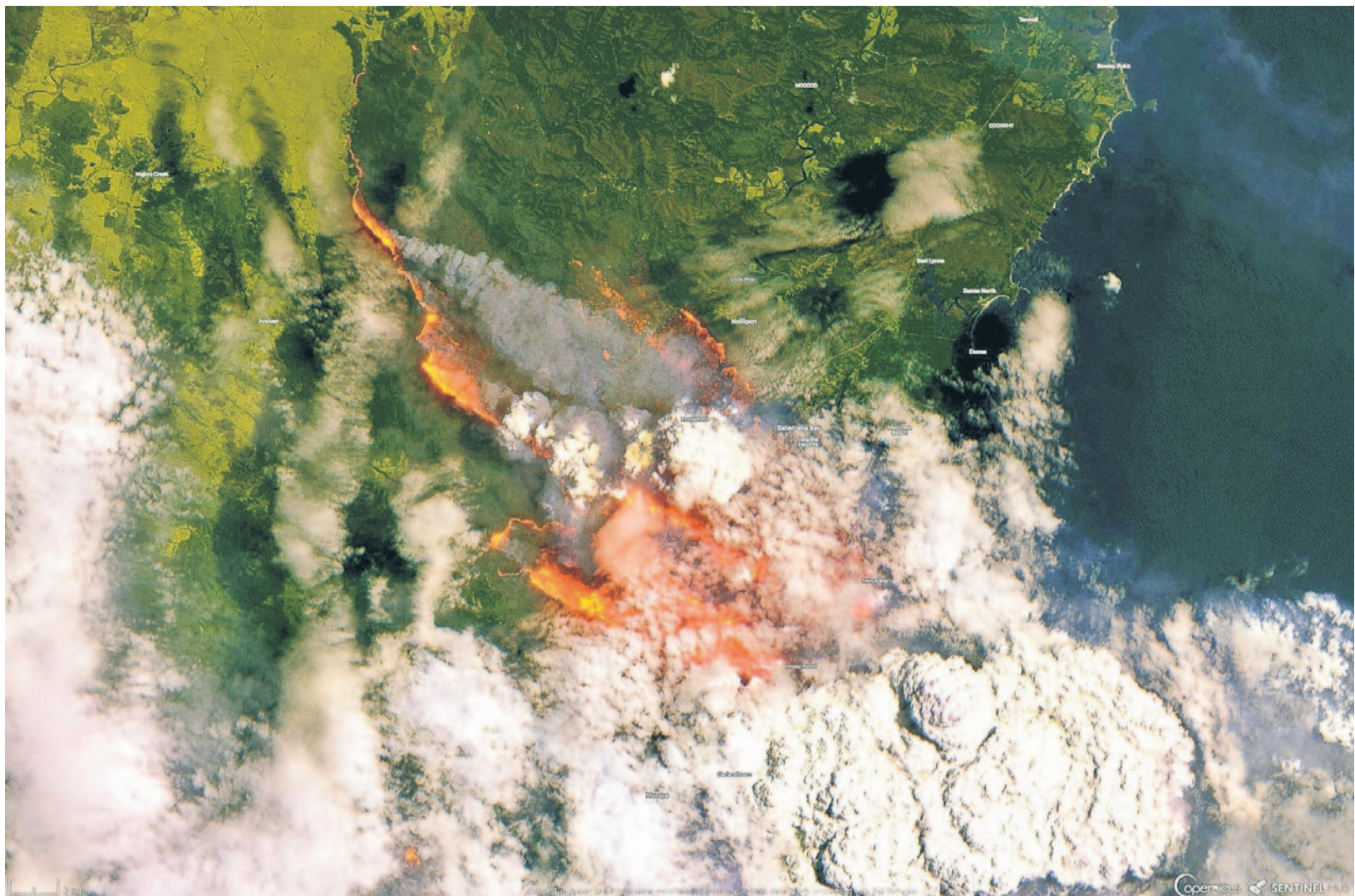
"We will be looking at the licensing procedures of the drivers to see what their background is," he said.

The 13-year-old and the

The fiery crash on Tuesday killed at least nine people, seven from a college.

truck's other occupant, 38-year-old Henrich Siemens, both died in the crash.

Six student-athletes and one coach from the University of the Southwest in Hobbs, N.M., were also killed. The university identified those killed as head coach Tyler James, and players Mauricio Sanchez, 19, of Mexico; Travis Garcia, 19, of Pleasanton, Texas; Jackson Zinn, 22, of Westminster, Colo.; Karisa Raines, 21, of Fort Stockton, Texas; Laci Stone, 18, of Nocona, Texas; and Tiago Sousa, 18, of Portugal.



Major Wildfires Thinned Ozone Layer

By NIDHI SUBBARAMAN

The deadly wildfires that scorched southeastern Australia in 2019 and 2020 triggered atmospheric changes miles high and thinned the ozone layer over large parts of the Southern Hemisphere for months, new research shows.

The research, published Thursday in the journal *Science*, suggests that wildfires pose a new threat to the ozone layer globally and that their effects on human health might be greater than previously recognized.

Ozone blankets the Earth in an invisible layer 9 to 18 miles above the ground, absorbing dangerous ultraviolet radiation from the sun. Radiation damages living cells, and research has linked a decrease in ozone levels to an uptick in the incidence of skin cancer and cataracts in people. A 10% drop in atmospheric ozone could lead to 304,500 additional skin-cancer cases globally, according to the World Health Organization.

Ultraviolet radiation exposure has been linked to developmental damage in amphibians and disruptions in the growth of plants.

The intense fire season during the "Black Summer" of 2019 and 2020 blasted moist smoke particles into the stratosphere, where they



Bushfires in Batemans Bay, Australia, as seen in a satellite image on Dec. 31, 2019. Left, a firefighter defends a property from a bushfire in Hillville, Australia, on Nov. 12, 2019.

wildfires will likely rise 30% by 2050, according to a report published in February by the U.N. Environment Programme. In the U.S., fire seasons are getting longer, and blazes are getting larger. Climate-related changes doubled the area burned in forest fires in the western U.S. between 1984 and 2015, according to a 2018 National Climate Assessment, which summarizes the state of climate science with a focus on the U.S.

For the *Science* study, Dr. Bernath and his colleagues used satellite data to track atmospheric ozone levels over the middle latitudes of the Southern Hemisphere from January to December of 2020. The levels began dropping in April but took eight months to recover fully, they found. The research team also measured an increase in ozone-destroying chlorine compounds during that time.

Though the ozone reduction seen in conjunction with the Australia wildfires was temporary, the researchers said large wildfires could pose a persistent threat to global ozone levels.

sparked chemical reactions that ate away at the ozone, according to the research.

"We noticed some unprecedented changes in the atmospheric composition," said study co-author Peter Bernath, an atmospheric chemist at Old Dominion University in Norfolk, Va. "The new thing is that the smoke from the stratosphere causes these changes."

The new research corroborates and extends the work of another study, published earlier this month in *Proceedings of the National Academy of Sciences*.

"Both of the papers point towards satellite measurements that show that atmospheric ozone is being affected by the wildfires," said Susan Solomon, an atmospheric chemist at the Massachusetts Institute of Technology and the leader of the earlier study. That research calculated an overall drop in ozone levels of about 1% above the mid-latitudes of the Southern Hemisphere in March 2020. Dr. Solomon's team included Dr. Bernath.

Rising global temperatures and drier conditions are lead-

ing to more-frequent massive wildfires around the world, according to the Intergovernmental Panel on Climate Change, a scientific body convened by the United Nations. Scientists have used the emerging field of attribution science—which uses rigorous mathematical tools to assess whether extreme weather events are influenced by climate change—to show that climate change contributed to the severity of the Australia blazes during the "Black Summer."

The frequency of extreme

FROM PAGE ONE

Model Ship Travels Home

Continued from Page One which helped generate revenue for the museum, stopped coming in 2018, according to a court filing.

Since the big ship's operator sank into bankruptcy, things have gotten worse.

The museum says it is owed roughly \$250,000 in the January 2021 bankruptcy of the former operator of the big Queen Mary. About half of the claim was unpaid rental fees, with the rest made up of mostly packaging and moving costs as well as anticipated repair expenses.

"You start to add \$50,000 here and \$50,000 there, and it adds up to real money," said Capt. Jonathan Boulware, chief executive officer of the museum. "For a nonprofit museum, where we expected to gain a little bit of money, we instead are going to lose a little bit of money."

The big Queen Mary, which sailed from the 1930s to the 1960s, typified the luxury and comfort of oceangoing. It counted Bob Hope, Audrey Hepburn and Winston Churchill among its passengers. In the days before air travel was commonplace, ships were a major way to travel to and from Europe, for business or pleasure.

The Queen Mary is longer than the Titanic.

Built around the same time as the big ship, the little boat is among those commissioned by shipping lines as marketing tools for big vessels in their heyday. The model was displayed in the office of the shipping company, Cunard Line, to catch the eyes of people entering its building.

It wasn't uncommon for passenger liners to have models built, including in different sizes for use in various venues, said Dan Finamore, curator of maritime art and history at the Peabody Essex Museum in Salem, Mass., and editor of the book "Ocean Lin-

ers."

The South Street Seaport Museum acquired the Queen Mary model decades ago and considers it a jewel in its collection of 28,000 artifacts. "I shouldn't say I have favorites, but this is among my favorites," Mr. Boulware said of the model, which was made from a single log.

The big ocean liner retired in Long Beach in 1967 after decades of voyages across the North Atlantic. Since then, it has been operated as a 346-room hotel, museum and tourist attraction, though it has been closed for most of the pandemic.

The fee to borrow the

Queen Mary model was \$3,000 a month, much higher than what the museum charges for most of the artifacts it lends out, Mr. Boulware said. According to the January 2015 agreement, the model was in excellent shape at the time of the loan.

"It was a real privilege to be able to display the builder's model of the Queen Mary on the actual ship," Mr. Boulware said. He said he doesn't regret renting it out, though wishes it had turned out differently. "Most of the time it goes swimmingly, but in this particular instance it went awry."

In December 2018, an insurance investigator wrote a let-

ter to the then-manager of the big Queen Mary, after a visit by a fine-arts conservator at the request of the South Street Seaport Museum.

"Having conducted an unannounced site visit, the representatives found that the Queen Mary model has sustained significant damage as a result of mishandling while in the care, custody and control of the RMS Queen Mary," the letter said. Moisture, salt, insect infestation and cracks and flaking of painted surfaces were found on the little ship, which was exhibited in a narrow gallery on the promenade level of the big ship.

The big Queen Mary's for-

mer operator, Eagle Hospitality Real Estate Investment Trust, filed for bankruptcy in January 2021. It sold most of its hotels for \$480 million in bankruptcy. It was unable to find a buyer for its Queen Mary leases and turned the keys to the property back to the owner, the city of Long Beach, in June.

The city of Long Beach in April sued a bankrupt Eagle Hospitality affiliate over the condition of the big Queen Mary, claiming more than \$20 million in repair costs, including removing and replacing lifeboats. Rich Anthony, principal deputy attorney for Long Beach, said the city has begun making \$5 million in initial repairs, starting with the lifeboats.

The city would like to reopen the ship to the public, including for special events and potentially hotel operations, by the end of the year. "There are no high expectations" of recovering the roughly \$20 million, Mr. Anthony said.

Lawyers for Eagle Hospitality declined to comment.

As for the little Queen Mary, the South Street Seaport Museum dispatched a team to recover the model last summer, and moved it to a fine-arts storage facility in upstate New York. "We have to unbox all that, put the pieces together, and spend time with the professional conservationists getting the model ready for presentation," Mr. Boulware said.

He hopes to have the model on display at the museum this year.



A model of the Queen Mary was moved from New York's South Street Seaport Museum in 2015 to its namesake in Long Beach, Calif.

KEVIN HAGEN FOR THE WALL STREET JOURNAL

THE UKRAINE CRISIS

Putin Issues Warning to Alleged Traitors

Kremlin says it will tolerate no dissent, tells wealthy elite to demonstrate loyalty

By THOMAS GROVE

For weeks, Russian President Vladimir Putin has railed against foes in the West and in Ukraine, where his bloody invasion is bogged down after three weeks.

Now, with no clear end to the hostilities in sight and the Russian economy coming under enormous strain, Mr. Putin has issued an ominous warning: The Kremlin will tolerate no dissent. Moreover, those with ties to the West are squarely in the Kremlin's sights.

In a long and, at times, emotional speech on state television earlier this week, Mr. Putin accused the West of seeking to destabilize Russia from within, saying that a fifth column of collaborators and turncoats was already working in the interests of the U.S. and Europe inside the country.

Staring into the camera, he called on fellow Russians to find and get rid of them like flies.

"Any nation, and even more so the Russian people, will always be able to distinguish true patriots from scum and traitors and will simply spit them out of their mouths like an insect, spit them onto the pavement," he said, speaking



Russian President Putin meeting by video on Wednesday with government members to discuss socio-economic support for regions.

to regional authorities on a video call. "I am convinced that a natural and necessary self-detoxification of society like this would strengthen our country," he added.

The address was Mr. Putin's first attempt to lay out Russia's long-term war footing and included a blunt admission that punishing international sanctions will exact pain on average Russians.

"Putin is faced with both a long, protracted war and painful economic sanctions," said Alexander Gabuev, senior fellow at the Carnegie Moscow Center. "This is now a wartime regime, and it's going to be far more brutal than anything we've seen previously under Vladimir Putin."

The threats against alleged traitors came as antiwar protests have continued in Russia.

As of earlier this week, some 14,000 protesters had been arrested across the country. A producer for Russian state television's flagship Channel One was fined for violating Russia's protest laws when she burst onto a live broadcast to criticize the war.

Mr. Putin's speech was also a shot across the bow of Russia's elite. Many wealthy Russians who have lived or vaca-

tioned in the West or found work with international companies have the strongest ties to the West. Mr. Putin said that those who had spent their money in the West must demonstrate unflinching loyalty to Russia.

"I do not in the least condemn those who have villas in Miami or the French Riviera, who cannot make do without foie gras, oysters or gender

freedom as they call it. That is not the problem," he said. "The problem, again, is that many of these people are, essentially, over there in their minds and not here with our people and with Russia."

Such oligarchs have been dependent on Mr. Putin for their businesses. They also have the most to lose from painful economic sanctions and Russia's increasing economic isolation.

Among the elite, defections have been few. Arkady Dvorkovich, chairman of the government-connected Skolkovo Foundation, which is responsible for boosting innovation, spoke out against the war earlier this week and was dismissed on Thursday from the ruling party, United Russia.

For years, Mr. Putin has handily employed political repression to do away with political opponents and opposition protests. He has likewise used foreign-agent laws to do away with critical media.

Russia's new wartime footing, however, will likely tighten the screws of political repression.

"The purpose here is to instill fear, to intimidate," said Sergey Radchenko, a Cold War historian and a professor at the Johns Hopkins School of Advanced International Studies. "The 'meat grinder' of repressions is not yet grinding meat but it has been fired up and tested, and found to be in working order," he said.

Russian TV Protester Plans to Stay, Resist

By EVAN GERSHKOVICH

It wasn't long after Russian troops pushed into Ukraine three weeks ago, Marina Ovsyannikova says, that she decided she had to make her voice heard.

A television producer at the Kremlin's flagship network Channel One, Ms. Ovsyannikova at first thought she would join antiwar demonstrations on the streets of Moscow. Her son, fearing she would be arrested, hid her car keys.

Then she settled on a more audacious plan. As the evening news broadcast was starting on Monday, Ms. Ovsyannikova got up from her desk. Flashing her ID badge she passed through security checkpoints.

Bursting into view behind the show's anchor, she shouted, "Stop the war, no to war." Before the camera cut away, she flashed a poster before millions of viewers. It read: "No war. Stop the war. Don't believe propaganda. They lie to you here. Russians against war."

Then she walked out of the studio past the stunned guard and into the hallway, where she dropped the poster and was met by executives. They turned her over to the police.

In about 10 seconds, Ms. Ovsyannikova had transformed herself from a self-described

cog in Russian President Vladimir Putin's messaging machine into one of the most visible and daring dissidents opposed to his war.

"The future of my country is being decided right now," she said in an interview. And she says she wanted to stand up and be counted.

Ms. Ovsyannikova was released from detention Tuesday and fined about \$280 by a Moscow court for a video she released explaining her actions. Her lawyers warn she could still face charges under a new Russian law that prohibits criticism of the military and makes it illegal to describe the Russian offensive in Ukraine as a war or an invasion. The penalty: Up to 15 years in prison.

Ms. Ovsyannikova said she has no plans to leave the country and is staying at a secure location provided by her attorneys. Invoking a phrase popularized by jailed opposition leader Alexei Navalny, she added: "Anyone interested in the bright future of this country needs to be here—even if for 15 years behind bars."

Since Ms. Ovsyannikova's on-air protest, at least four top journalists of state-run TV channels have resigned.

The speaker of Russia's lower house of Parliament this week called on the Channel



Television producer Marina Ovsyannikova inside the house where she has found temporary shelter provided by her attorneys.

One producer to be treated "with all severity."

Born in the Soviet Union in the now-Ukrainian city of Odessa to a Ukrainian father and a Russian mother, Ms. Ovsyannikova said she views herself as Russian. Her father, who served in the Soviet navy, was a Russian speaker who died about a year after her birth. Her mother soon moved her to Russia, where she has lived ever since.

Ms. Ovsyannikova's interest in journalism blossomed when

she was a high-school student in the mid-90s and her mother was working for a radio station. In those days, she said, the Russian press was relatively free.

"Journalism wasn't constant government propaganda," Ms. Ovsyannikova said.

Ms. Ovsyannikova worked for state television in her hometown after graduation before moving to Moscow in 2002. After earning a master's degree she started writing news reports for well-known

anchor Zhanna Agalakova. Ms. Agalakova is one of the anchors who quit this week.

It was in 2008, when Russia launched a military campaign against the neighboring country of Georgia, that Ms. Ovsyannikova says she first started feeling "cognitive dissonance"—loving her country but disagreeing with its direction.

Still, she kept up her work at the state broadcaster. Her career had taken a back seat to her personal life and children, who are now 11 and 17.

Then, in August 2020, when Mr. Navalny was poisoned with the Novichok nerve agent, she thought about protesting. Mr. Navalny has blamed government agents. The Kremlin has denied involvement.

"But I understood that I work for a government channel and I can't allow myself this," said Ms. Ovsyannikova. "You have to feed your family."

Less than two years later came the war in Ukraine.

"We arrived at this point of evil and we can no longer tolerate it," she said. "It's a fratricidal war. Ukrainians are the same Slavs and every second Russian has relatives in Ukraine," she said. "They chose their path, their direction toward Europe, to European values. That's their choice. They are free people."

Bolshoi Ballerina Resigns Over War

By MAURO ORRU

Russian prima ballerina Olga Smirnova quit Moscow's world renowned Bolshoi, and said she would perform for the Dutch National Ballet after denouncing Russia's invasion of Ukraine.

Her move comes after she wrote on Telegram earlier this month that she is "against war with all the fibers of my soul." The Dutch National Ballet said Ms. Smirnova would start immediately and "be welcomed with open arms."

"I had been thinking about this type of a move for quite a while—it's just that the current circumstances accelerated this process," she said.

Born and raised in St. Petersburg, Ms. Smirnova trained as a dancer at the Vaganova Ballet Academy. She joined the Bolshoi Ballet in the rank of soloist in 2011 after graduating, and was promoted to the rank of prima ballerina in 2016.

Her first role with the Dutch National Ballet will be in the title role of the ballet Raymonda. The performance is set to premiere on April 3.

WNBA Star's Detention in Russia Extended to May 19

By WILLIAM MAULDIN

American basketball star Brittney Griner was ordered held behind bars in Russia for another two months after unsuccessfully challenging the legality of her arrest on drug charges, her lawyer said.

Ms. Griner appeared on Thursday in a court outside of Moscow via video link, the first step in what is expected to be a long journey through the Russian legal system.

The Phoenix Mercury WNBA star was detained after flying into Moscow a week before the war with Ukraine. The Moscow region court on Thursday found that her subsequent arrest was legal, agreeing with the prosecution that it fell within the allowable 48-hour window after her detention. The hearing didn't examine the substance of the case.

The court rejected the argument of her lawyer, Alexander Boykov, that since Ms. Griner had been denied a lawyer and consular representation, her detention began as soon as she was stopped and searched on Feb. 17. Ms. Griner was ordered held until May 19.

The U.S. State Department



Brittney Griner challenged the legality of her arrest.

has declined to comment on Ms. Griner's case, citing privacy restrictions.

Russian authorities have said that a drug-sniffing dog smelled narcotics in Ms. Griner's luggage, and X-ray screening found electronic vape cartridges with hashish oil, resulting in her arrest on charges of drug smuggling.

The WNBA star supplements her income by spending the league's off season on the edge of Siberia. Basketball stars in Russia can command more than \$1 million in salary and benefits.

Biden to Urge Xi to Stay Out of Conflict

By LINGLING WEI AND ALEX LEARY

President Biden and Chinese leader Xi Jinping plan to confer as the U.S. works to deter China from deeper involvement with Russia during its invasion of Ukraine.

The call, scheduled for Friday, comes as Beijing is trying to present itself as eager to help prevent the Ukraine crisis from worsening—without abandoning its alignment with Moscow.

Mr. Biden is preparing to deliver a message to Mr. Xi that there would be consequences should Beijing's support move beyond words to actions, administration officials said. Secretary of State Antony Blinken said on Thursday that Mr. Biden "will make clear that China will bear responsibility for any actions it takes to support Russia's aggression, and we will not hesitate to impose costs."

That's a similar message to one that U.S. national security adviser Jake Sullivan delivered to Mr. Xi's top foreign-affairs official, Yang Jiechi, during what was described by U.S. officials as an intense day-long meeting in Rome on Monday.

Mr. Xi is likely to present China as a neutral party to the

conflict during Friday's call with Mr. Biden—and one that can facilitate negotiations to solve the Ukraine crisis, foreign-policy experts close to the Chinese government said.

The Ukraine crisis is further eroding trust between the world's two largest economies and major military powers, exacerbating their rivalry for global influence. Mr. Xi has forged a close partnership with Russian President Vladimir Putin aimed at undermining U.S. dominance, and some in the Biden administration would like to use the Ukraine war, which has drawn wide condemnation of Russia, to pry Beijing away from Moscow.

"This is an opportunity for President Biden to assess where President Xi stands," White House press secretary Jen Psaki said Thursday. "The fact that China has not denounced what Russia is doing, in and of itself speaks volumes."

Meanwhile, the Chinese leader likely will call on Mr. Biden to honor a commitment Chinese officials say he made during the leaders' last phone conversation in November to not seek to change China's system, the people said. As Washington continues to build up alliances to pressure China,

that assurance is seen by Beijing as crucial to preventing an outright conflict between the two superpowers.

"We are at a delicate moment" in China-U.S. relations, Evan Medeiros, a former national security official in the Obama administration, said Thursday at an event sponsored by the German Marshall Fund.

Mr. Medeiros, now at Georgetown University, said the Biden

One analyst described Beijing's position as 'pro-Russian neutrality.'

administration is likely laying out alternative pathways for relations, including "some dark" ones if Beijing intensifies its support for Moscow, or a more moderate course in which the two powers manage tensions.

After having been caught off guard during the early days of the Russian aggression, the foreign-policy experts close to the Chinese government say, Beijing now has settled on a clearer strategy: It won't oppose Russia, and it

will support Ukraine—what's described in China as "benevolent neutrality."

The stance reflects that Mr. Xi is sticking to his strategic focus on making common cause with Russia to guard against the U.S.-led West, while trying to still present China as a responsible world leader.

At the Thursday event, Mr. Medeiros described Beijing's position as "pro-Russian neutrality."

Messrs. Xi and Putin, in a summit weeks before the invasion, issued a statement of solidarity outlining a vision for a changed world order, causing many in the West to brand China and Russia as a new "axis" and dealing a major blow to China's international reputation. Beijing has denied that it knew about Mr. Putin's invasion plans in advance.

For the Chinese leadership, the foreign-policy experts say, the U.S. is still its biggest strategic competitor, and keeping Russia as its partner will provide Beijing some leverage over Washington.

That means China likely will try to maintain its economic ties with Russia but will continue to refrain from helping Moscow evade financial and other sanctions imposed by the U.S.

THE UKRAINE CRISIS

Turkey Confronts Difficult Choices On Russia Stance

By JARED MALSIN

ISTANBUL—Russia's war on Ukraine has Turkish leaders engaged in a balancing act, weighing a desire to help Kyiv defend itself while maintaining enough commercial ties with Moscow to keep Turkey's own struggling economy afloat.

Turkish President Recep Tayyip Erdogan has supplied Ukraine with armed drones that have played a role in blunting Russia's offensive. Turkey has also said it blocked some Russian warships from passing through the Bosphorus into the Black Sea.

At the same time, Turkey has held back from joining the U.S. and other North Atlantic

omy as much as \$40 billion.

"It seems the Black Sea trade is dead because two countries are in a fight," said Yusuf Yigit Yener, the general manager of Cenk RORO, a Turkish company that once ferried trucks across the Black Sea nine times a week but has found its operations paralyzed. "It will take years to go back to business," he said.

Turkey was forced to cut the size of a wheat tender this month because of high prices as it looks for other source markets amid fears of Russian supply disruptions. International sanctions threaten to unravel a large chunk of its trade with Russia.

The big fear, though, is how energy prices might drive inflation yet higher.

Spiraling prices have been a persistent problem for Turkey in recent years and are chipping away at Mr. Erdogan's support base as presidential elections approach next year. The official inflation rate rose to more than 54% in February, a 20-year high for the country and one of the highest in the world.

The Menemen Index—a measure of food inflation assembled by economists that uses the prices of staples like eggs, tomatoes and green peppers, the main ingredients in a Turkish dish called menemen—jumped to over 100% in February, from 64% a month earlier.

"I can't buy my kids what I want," said a 32-year-old restaurant worker shopping in Istanbul, pointing to two or three strawberries. "This is all I could afford."

"Turkey's energy, its tourism, its food imports. They get hit on all fronts," said Timothy Ash, an emerging-markets strategist at BlueBay Asset Management in London.

The shock of war is beginning to overwhelm Mr. Erdogan's attempts to stabilize the economy following last year's currency crisis. The Turkish lira lost as much as 45% of its value against the dollar in the fourth quarter alone. The slump pushed millions of people toward poverty, and threatens to undermine Mr. Erdogan's position after ruling for 19 years as his opinion-poll ratings slump.

Before the Russian attack, the Turkish government had been trying to stabilize the lira without raising interest rates. The central bank held its policy rate at 14% Thursday.

The war is blunting the government's ability to stabilize the lira.

\$35B

The amount of total 2021 trade between Turkey and Russia

Treaty Organization members in imposing sanctions on Russia, in part to shield its inflation-hit economy from further fallout from the war.

"We have to maintain our friendship with Mr. Zelensky and Mr. Putin," said Mr. Erdogan on March 14, referring to the Ukrainian and Russian presidents, respectively.

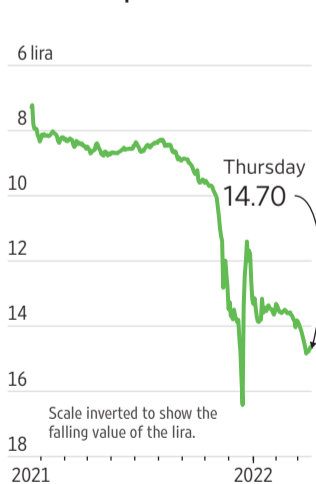
Turkey's economy is deeply intertwined with those of Russia and Ukraine. Russia is Turkey's largest source of imports, with total trade between the two countries reaching nearly \$35 billion in 2021, according to Turkish government data. Crucially, it is Turkey's biggest supplier of natural gas, providing about a third of its imports, and a major source of wheat.

Trade with Ukraine accounted for an additional \$7 billion, nearly all of which has stopped because of the war.

In the opening days of the invasion, shoppers swept Turkish supermarket shelves for staples such as Ukrainian sunflower oil, though the government denied any supply problems. Turkish ships carrying everything from trucks to vegetables to Ukraine are idling at port. More than 200 stores selling Turkish garments, a core export industry, have closed in Ukraine.

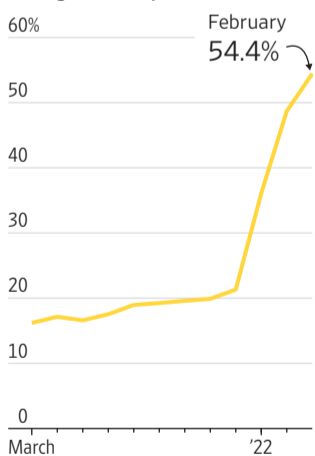
The head of Tusiad, Turkey's main business association, said this week that the war has cost Turkey's econ-

Turkish lira per dollar



Sources: Tullett Prebon (lira); Turkish Statistical Institute (inflation)

Turkish consumer price index, change from a year earlier



A supermarket in Lagos, Nigeria, displays prices for bread. Russia and Ukraine are major suppliers of wheat to Africa.

Invasion's Economic Effect Cuts Outlook, OECD Says

World's poorest will suffer the most with rising prices and lower supplies of food, fuel

By PAUL HANNON

Russia's invasion of Ukraine will be felt by households around the world through higher energy and food prices, with disruptions to trade and fragile confidence contributing to a significant weakening of global economic growth, the Organization for Economic Cooperation and Development said Thursday.

The Paris-based research body calculates that global economic growth will be 1.1 percentage points lower, and inflation just short of 2.5 points higher than if the invasion had not taken place. In late 2021, the OECD forecast the global economy would grow by 4.5% this year, and consumer prices would rise by 4.2%.

The impact on economic growth will be largest for countries with close trade and

financial ties to Russia and Ukraine, but OECD Chief Economist Laurence Boone said people on low incomes around the world will suffer, since food and energy account for a larger share of their spending than in richer households.

"If you look at commodity prices, it's going to affect every single consumer on the planet," said Ms. Boone.

The OECD calculates that Russia and Ukraine account for 30% of global wheat exports, more than a quarter of world fertilizer exports and almost 15% of maize exports. Prices of wheat have almost doubled since the start of the invasion on Feb. 24, while fertilizer prices have risen by more than three-quarters and maize prices by more than 40%.

The OECD's worries about the impact of the war on the world's poorest people and countries was echoed by the United Nations, which in a separate report estimated that more than 5% of the imports of the poorest countries are composed of goods that have seen

price rises since the invasion, compared with just 1% of the imports of rich countries. The U.N. calculates that in the years 2018 through 2020, 32% of Africa's wheat imports came from Russia and a further 12% from Ukraine. In Somalia and Benin, all imported wheat during those years came from the countries at war.

Nor does the OECD expect prices to fall back soon, given the likely disruption to energy supplies and the planting of wheat and other grains.

"This will have an impact on next winter," said Ms. Boone. "These are not shocks that last a few months."

The OECD estimates that the eurozone economy will see growth that is 1.4 percentage points weaker than if the invasion had not taken place, with the U.S. seeing a loss of around 0.9 of a percentage point. In its previous forecasts, the OECD had expected the eurozone economy to grow by 4.3% in 2022, and the U.S. economy to grow by 3.7%.

But Ms. Boone said that the outlook is highly uncertain,

one reason why the OECD had decided to abandon its usual, quarterly attempt to provide a wider range of precise forecasts for coming years.

The research body expects inflation in the eurozone to be 2 percentage points higher than if the war had not started, and inflation in the U.S. to be 1.4 percentage points higher. Ms. Boone said that, where they can, governments should provide help directly to the poorest households, rather than taking more broad-based measures to ease the impact of price rises through tax cuts or similar measures.

"It's important to shelter people," she said. "That would help avoid a wage-price spiral."

The greatest economic harm is likely to be felt by Russia and Ukraine, although Ms. Boone said it is "super difficult" to estimate the scale of the damage suffered by the invaded country. The OECD assumes that Russian domestic demand will be 15% lower this year than last, with demand in Ukraine down 40%.

Moscow Averts Default on Foreign Debt

By CAITLIN OSTROFF AND ALEXANDER GLADSTONE

Russia made good on payments to foreign bondholders, according to investors and traders, averting default on its foreign debt in the face of the war in Ukraine and punishing Western sanctions.

Holders of two Russian dollar bonds said coupon payments arrived Thursday, a day late, but well within the 30-day grace period granted under the terms of the bonds.

The bond payments are a sign that exceptions the West put into sanctions to allow certain transactions, including for debt payments and energy, are working in some cases. Still, financial institutions are reluctant to touch Russian money without strong assurances that what they are doing

is legal, leading to delays and confusion.

Russia's Ministry of Finance said earlier Thursday that it had remitted payments to a correspondent bank and would provide future updates on whether funds had reached a London branch of Citigroup Inc., which processes payments on behalf of bondholders. Russia's finance minister has said he wasn't sure if the payments would go through, blaming U.S. sanctions for setting the country on the path toward default.

A spokeswoman for Citigroup declined to comment.

JPMorgan Chase & Co. is the correspondent bank that links the Central Bank of Russia to Citigroup. According to a source familiar, JPMorgan received the full \$117 million transfer for both Russian sov-

ereign bonds' coupon payments and made the transfer to Citigroup.

The Treasury Department has said current U.S. sanctions don't prohibit Russia from making debt payments.

Prices on the bonds rallied on hopes that the payments would go through. Russia's bonds maturing in 2023 were quoted around 41 cents on the dollar Thursday, compared with 27 cents Wednesday, according to AdvantageData. Those maturing in 2043 were bought and sold for around 32 cents Thursday, up from about 22 cents Wednesday. They traded above 100 cents on the dollar before the war.

Russian credit default swaps, which would pay out a windfall if Russia defaults, also rallied on news of the payments. The cost of a five-

year CDS contract dropped to 41% of the total value of the debt to be insured, compared with as high as 60% as of Tuesday, according to data from ICE Data Services.

The last time Russia reneged on its foreign debts was after the Bolshevik Revolution in 1918. Russia defaulted on its local-government debt in 1998 as the post-Soviet economy struggled to find its feet.

The payment doesn't remove Russia's default risk completely. Russia could also default on a local-currency bond that was due for payment earlier this month but that foreign investors haven't received. Russia has an additional \$615 million of bond payments to make to foreign creditors this month, and a maturing \$2 billion bond that it will have to pay in full in April.

Buyers Jump at Chance to Grab Oligarch's U.K. Soccer Club

During Roman Abramovich's scramble to put his London affairs in order this month—a collection of cars, bank accounts, and luxury real estate—none drew more interest than his prized asset sitting off King's Road.

By Joshua Robinson, Ben Dummett and Max Colchester

Chelsea Football Club, in the English Premier League, had been his trophy asset since he bought the club as a little-known Russian billionaire in 2003. Now, as a world famous Russian oligarch under U.K. government sanctions for his ties to Vladimir Putin, his forced sale of the club has touched one of the most closely watched bidding wars in global sports. No club from the Premier League's so-called

Big Six has changed hands in over a decade.

More than 20 different parties have shown interest in possibly submitting an offer, including American investors on Wall Street and a British consortium led by an ex-Olympic champion. It is still unclear how many actually will materialize before a deadline for initial bids Friday, said a person familiar with the matter.

How much Chelsea is actually worth is unclear. Among the variables are the vast expense of running a competitive team in the Premier League; the low return on investment in soccer's transfer market; the need to upgrade the club's Stamford Bridge stadium; and the speed at which the sale is taking place.

But bids are widely expected to fall in the \$2.5 billion to \$3.5 billion range, putting the price on par with a team in the Na-

tional Football League or National Basketball Association.

Among the leading U.S. candidates are a group led by Todd Boehly, the former Guggenheim Partners president and a partner of the Los Angeles Dodgers, who had a bid for Chelsea rejected in 2019.

U.S.-based Oaktree Capital Management, a well-known global investment management firm, also is considering a bid or could become part of a broader consortium, according to people familiar with the matter. And earlier this week, the Chicago Cubs-owning Rickel's family also threw its hat in the ring with its partner, the hedge-fund billionaire Ken Griffin of Citadel.

On the British side, property magnate Nick Candy, a Chelsea season-ticket holder, has announced that he is making an offer and has joined

with former Chelsea manager Gianluca Vialli. And Martin Broughton, formerly of British American Tobacco and now of the British Airways parent company, who briefly served as chairman of Liverpool in 2010, has positioned to make a bid. Mr. Broughton's group includes the former British track star Sebastian Coe, who oversaw London's hosting of the 2012 Summer Olympics.

Farther afield, a consortium around Saudi Media Group, which deals in broadcast rights and advertising in the Gulf, also has entered a bid.

The list of people expressing even vague interest grew so fast and so long that mixed martial arts superstar Conor McGregor mused on Twitter that he might consider a £3 billion (\$3.9 billion) offer for the club. He isn't believed to be serious about it.



Chelsea's Russian owner, Roman Abramovich, applauded as the team won the Premier League title in London in 2017.

THE UKRAINE CRISIS



A Russian armored personnel carrier, left, burns near a soldier's body during a fight with Ukrainian forces in Kharkiv, Ukraine, last month. Right, smoke rises near the town of Hostomel and Antonov Airport, in northwest Kyiv.

Russia's Military Stumbles

Continued from Page One

ing its homeland, said Michael Kofman, director of Russia studies at CNA, a nonprofit research organization based in Arlington, Va. "The failures that we're seeing now is them having to work with a larger force than they've ever employed in real combat conditions as opposed to an exercise," he said.

Russia's Defense Ministry didn't respond to requests for comment on analyses of its performance. Russian President Vladimir Putin, in an address to regional authorities on Wednesday, praised the war efforts. "The operation is being carried out successfully, strictly in accordance with previously laid-out plans," he said.

Ukrainian President Volodymyr Zelensky last week said Ukraine had lost around 1,300 soldiers since the start of the invasion. A senior North Atlantic Treaty Organization official said losses were likely on par with the Russians'.

Insurgent tactics

Russia's forces have taken territory, mainly in the south and east. Russian commanders may also learn from their mistakes as they reposition forces. But Western defense analysts say that even if Moscow's military overcomes Ukraine's armed forces eventually, they doubt that would end hostilities and merely mark the beginning of an insurgency that could tie up Russian forces for years.

Ukrainian forces have beaten back Russian paratroopers trying to secure airfields, and miles-long convoys of tanks and support trucks have stalled on highways out

of fuel, Ukrainian soldiers' videos and satellite imagery show. Hundreds of Russian military vehicles have been destroyed and others abandoned, sometimes because of mechanical breakdowns and poor-quality equipment, said Western officials and military analysts.

Ukraine says its forces have downed more than 80 fixed-wing aircraft and 100 helicopters, though many fewer have been independently verified. Western officials have expressed surprise that Russia failed to use its superior air power to establish dominance of the skies.

Still, Russian warplanes flying over Ukraine continue to inflict heavy damage, including against civilians. The mayor of Mariupol said Russia's air force had bombed the city's drama theater Wednesday, killing an unknown number of people. Russia has denied responsibility.

Ukrainians have continued to attack long columns of Russian tanks and armored vehicles on open roads in formations making them vulnerable to Ukraine's Turkish Bayraktar drones and its Territorial Defense units that use insurgent tactics. In one such attack last week, Ukrainian drone footage posted on the Ukrainian armed forces' YouTube channel showed the confusion caused by a Ukrainian ambush of a Russian column approaching Brovary on Kyiv's outskirts. The convoy suffers apparent drone hits at the front and the rear, trapping vehicles.

As soldiers escape their blazing vehicles, further explosions envelop them. Other tanks turn in panic, their tracks churning the road surface, before they retreat.

The movement in bumper-to-bumper convoys is a clear sign of "soldiers who are untrained or undisciplined," said retired U.S. Army Lt. Gen. Ben Hodges, a former commander of U.S. Army forces in Europe and now chair in strategic studies at the Center for European

Policy Analysis in Washington. "You need sergeants or NCOs constantly telling them to spread out."

The NATO official said the Russians' fighting style surprised Western observers because it didn't follow the Russian military's doctrine of using mobile units called battalion tactical groups and a consolidated system to command troops, which would have allowed the military to be nimble against the enemy without extending supply lines dangerously. "For now, they just can't move," the official said.

One central weakness of the campaign is Russia's failure of coordination within and between branches of its armed forces, which has created problems in resupplying forces inside Ukraine and in coordinating the offensive, said military analysts including Andrew Monaghan, a Kennan Fellow at the Washington-based Wilson Center, a foreign-policy think tank. "There are some tenets of Russian military history that feature in every war the Russians fight, regardless of whether they win or lose," he said. "Those include considerable difficulties in complex operations, logistics, and always difficulties in command and control."

Poor logistics have hindered the advance of the Russians, who use primarily railroads to move men and materiel, military analysts said. Russia's failure to take the cities around Ukraine's crucial railway junctions have forced them to travel by road, leaving them easy targets.

Much of Russia's military push was expected by military analysts to come into Kyiv from the North, where Russian troops have been exercising for months leading up to the invasion. But that push and others into the capital have slowed or stopped.

Part of the problem has been the deployment of units from Russia's eastern and central military districts, which

have been secondary priorities in Russia's military modernization, to advance on and surround Kyiv. The 90th tank division from the 41st combined arms army has brought with it less advanced T-72A and B tanks, designed in the 1980s, said Rob Lee, a senior fellow at the Foreign Policy Research Institute, a think tank.

The Russian invasion started to go awry from the first day. Following a morning barrage of rockets on Ukraine's biggest airfields and military infrastructure on Feb. 24, Russia failed to push into Kyiv. An attempt to take the military airfield at Hostomel, some 20 miles outside of the city, if successful, would have given the Russians a foothold on the edge of the capital from which they could send in hundreds of paratroopers. Instead, an ini-

The West may have overestimated Moscow's armed-forces overhauls.

tial advance was pushed back.

Ukrainian units coordinated a multipronged attack on the first wave of Russian paratroopers that landed on the airfield, pushing them out and forcing the Russians to abort plans for more troop drops, according to reports of soldiers involved in the fighting, official Ukrainian military reports and videos. Later, a National Guard, or Rosgvardia, column, sent from Russia's loyal Chechnya region, was destroyed as it tried to retake the airport, Ukrainian authorities said. Chechen leader Ramzan Kadyrov said only two soldiers died.

The lack of coordination, Mr. Monaghan said, indicated the problems of controlling and coordinating military operations typical of the Russian military. "It doesn't look as though the armed forces have

communicated well with Rosgvardia," he said.

The initial invasion plan appears to have been to mount a lightning strike on Kyiv and quickly replace Mr. Zelensky's pro-Western government. It was based on a flawed expectation of limited Ukrainian opposition, suggesting a failure of Russian intelligence or a reluctance to advise the Russian leadership that their forces should expect a hostile reaction, some Western officials have said. Those sentiments have swelled since Moscow annexed Crimea and carved out two Russian-backed statelets in the east in 2014. Those assumptions led to multiple errors that included only limited protection for invading troops, the NATO official said.

Flawed expectations

The Russians didn't follow their own doctrine of launching with the Russian version of "shock and awe" under which they would have established superiority in the air and on the ground through rapid deployment of weaponry. Instead, they attempted to send light forces deep into Ukraine that were poorly equipped to repel fierce resistance far from supply lines.

Mr. Putin "really thought this was an illegitimate government that would quickly fall," said CNA's Mr. Kofman. "He really hasn't understood anything that's happened since 2014."

Russian tactics seem to have switched to terrorizing cities. Some military analysts expect the critical next phase to be around Kyiv, where Russia likely plans to encircle the capital and shell it into submission. This would replicate tactics the Russian army used during the second Chechen war that reasserted Moscow's control over the predominantly Muslim statelet in 2000.

The Russians have moved from expensive guided-munition attacks to artillery attacks that have gutted parts of

Kharkiv. "It's hard to say at this point whether that's driven by expense, driven by a lack of inventory or a desire to be more brutal," said the NATO official.

Western analysts have been largely impressed by Russia's effort since 2008 to modernize its military. It emphasized a shift from large static units of a mainly conscript army to smaller, combat-ready groups of contract soldiers. It went alongside a modernization of equipment for land, sea, air and nuclear forces.

But the analysts overestimated the impact of new weapons such as battle tanks and jet fighters, said Phillips O'Brien, professor of strategic studies at the University of St. Andrews in Scotland. "Having weapons is only going to take you so far," he said. "They have never had to operate these complex systems in this kind of conflict since at least the end of the Cold War, and you might actually say really since World War II."

Russia may have spread its efforts too thinly, and the modernization effort also appears to have been undermined by fraud and corruption, said analysts including Michael Clarke, associate director of the University of Exeter's Strategy and Security Institute, citing estimates that some 25% of the invading force are conscripts.

Weapons systems haven't performed well and commanders pretended they had capabilities that weren't there, he said. Of Russia's effort to create a "large, modern army," he said: "The part which is modern is not large, and the part which is large is not modern."

—Daniel Michaels
contributed to this article.

Watch a Video

Scan this code for a video on Russia's arsenal of nuclear weapons.

Moscow's Tanks Fare Poorly Against Modern Missiles

BY ROBERT WALL AND DANIEL MICHAELS

Russia began the war in Ukraine with the world's largest tank force, but the losses it has suffered reveal its weaknesses on the modern battlefield.

Moscow's forces have lost more than 230 of the heavily armored tracked vehicles since they invaded Ukraine on Feb. 24, according to Oryx Blog, an open-source site that tracks military-equipment losses. Many were destroyed. Others were abandoned, captured or damaged, Oryx says.

Ukraine's government says it has exacted an even higher toll, claiming to have destroyed more than 400 Russian tanks and many more less-armored military vehicles.

Before the war, Russia had roughly 3,000 heavy tanks, prized for combining a lethal cannon with heavy protection and the ability to traverse rough terrain. Ukraine began the war with about 850 tanks. Neither side has said how many tanks it has lost.

The bludgeoning of battlefield armor in recent weeks likely represents the highest number of tanks destroyed in such a short period since World War II, analysts say. In that conflict, the most effective way to destroy a tank was with another tank.

Today, Ukraine relies on more compact and nimbler weapons, including Turkish-made armed drones and U.S.-made Javelins and other infantry-carried antitank missiles. The high-tech gear has let



Moscow's forces have lost hundreds of tanks since the invasion. Instead of battling other tanks, they have been hit with missiles.

small numbers of Ukrainian soldiers exact a surprisingly large toll on Russian tanks, armored vehicles and supply columns.

The White House this week said it would provide another \$800 million in arms to Ukraine, including many of the tank-busting weapons that have proven so destructive against Russian armor. The package includes 2,000 Javelins and 7,000 other antitank weapons. The U.S. also said it would provide 100 lethal Switchblade drones.

In response, Russia may be adapting its battlefield tactics and trying to better coordinate forces—a weakness they have displayed that exposed them to attacks.

"They're ineffective at combined armed operations," said retired Gen. H.R. McMaster, the former national security adviser in the Trump administration.

But improving tactics only go so far against new technologies, history shows. The competition between tanks and

systems to disable them has raged for decades.

Tanks first entered battlefields in World War I and played a central role in World War II. Russia's tank operations in that conflict, which helped defeat Germany, are among the most storied in the era of industrial warfare.

The largest-ever tank battle took place just north of Ukraine in 1943, near the Russian city of Kursk, and involved roughly 6,000 German and Soviet tanks, thousands of

aircraft and an estimated two million troops.

German blitzkrieg tactics demonstrated the force of combined attacks coordinating armored vehicles with infantry and air support. Most tank-led assaults since then have used similar tactics, including in both U.S.-led Gulf Wars.

"To maximize the utility of the tank, you've got to use it in a combined armed force with infantry and infantry armored vehicles" and other elements, said Ben Barry, a for-

mer commander of a British armored infantry battalion now at the International Institute for Strategic Studies think tank in London.

After the battles between tanks of World War II, the Soviet Union churned out vast numbers of them during the Cold War. The U.S. developed other ways to take out armored military vehicles.

The A-10 ground-attack jet, introduced in the mid-1970s and known as the Warthog for its unusual look, was designed to fly low and shred enemy targets. It uses bombs, missiles and powerful machine guns able to fire exceptionally dense ammunition that leverages momentum to pierce armor.

The AH-64 Apache attack helicopter, brought into service a decade later, was designed to perform similar tasks but with greater maneuverability.

Now, drones and shoulder-fired systems seek to do the same but with even smaller, more portable and autonomous systems. "Those two weapons in particular, allow the Ukrainians to really get stuck in there, forcing the Russians to stop and re-evaluate," said Nicholas Drummond, a defense industry consultant.

The Russian tanks that are being destroyed by Ukrainian forces appear to lack innovations that Western militaries are deploying, such as blowout panels that release the pressure of an internal explosion and so reduce danger to a tank and its crew, said Veli-Pekka Kivimäki, a lecturer in geospatial intelligence at Johns Hopkins University.

THE UKRAINE CRISIS

Rural Russians Support Putin, Blame West

By ANN M. SIMMONS

TORZHOK, Russia—More than 100 cars, many festooned with Russian flags and plastered with stickers proclaiming “For Russia! For Victory!” converged on the main square of this small town in a show of support of President Vladimir Putin and Russia’s military operations in Ukraine.

“We support our army. We support our government. We are united behind our state,” said Dmitry Serov, a 35-year-old driving instructor and Torzhok native who was one of the organizers of the weekend rally.

Those sentiments are widely shared among Russians across the country who believe Moscow’s military action in Ukraine is justified, that the West is to blame for provoking the conflict and that the Russian people are being unfairly targeted with international sanctions.

Mr. Putin has said the military operation is necessary to cleanse Ukraine of anti-Russian nationalists he says have corrupted the country’s leadership with the help of the U.S., and to defend Russians whose culture, language and very existence is under attack.

Moscow’s state media daily reinforce the Kremlin’s stance. And it is widely embraced in places like Torzhok and the villages nearby, far from big city Moscow and St. Petersburg.

Russian forces are bombarding Ukrainian cities and the government in Kyiv says thousands of civilians have been killed. More than three million people have fled the conflict. Russia’s Defense Ministry says it doesn’t target civilian infrastructure.

“We had no alternative for self-defense, for ensuring Russia’s security, to this special military operation,” Mr. Putin said on Wednesday. “Our fel-

lows—soldiers and officers—are displaying courage and heroism and are doing all they can to avoid civilian losses in Ukrainian cities.”

Mr. Putin has promised Russians that the government will help them withstand economic difficulties from international sanctions imposed since the start of the conflict—something he has said would be an “unconditional priority” for his government.

A Russian law enacted last week makes it a crime to refer to Russia’s military moves in Ukraine as an invasion or war. Mr. Putin uses the term “special military operation.” The law forbids citing Russian casualty figures from any source other than the country’s Defense Ministry. People convicted of violating the law can be sentenced to up to 15 years in prison.

Mr. Serov, a member of the Russian Night Wolves motorcycle club, whose bikers led a convoy of cars into Torzhok from the nearby farming village Mirny, said Russian troops were trying to end the suffering of fellow Russians in Ukraine.

He said the Night Wolves have sent medicine, clothes and children’s toys to Russian residents of Donbas. On the eve of the Russian move into Ukraine, Mr. Putin recognized the independence of two Russian-controlled statelets carved out of Ukrainian territory in the Donbas area after Moscow annexed Crimea in 2014.

“We’re not indifferent to what’s happening,” Mr. Serov said. “So, you shouldn’t think we are barbarians who are carrying sticks and beating everyone. We are just like you.”

Lyudmila Vizhulina, who stood on the sidewalk with neighbors and co-workers waiting for the convoy to depart Mirny, said it was a mystery to



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her why there is fighting. “Why does Ukraine hate us so? We are all Slavic people,” she said.

“Russians have always been for peace,” she said. “The war-mongering is coming from the West. They don’t want Russia to be a strong state.”

Ms. Vizhulina, a 60-year-old, who looks after children at a community club in the village, said Mr. Putin has built Russia into a strong and stable place since he came to power more than 20 years ago.

Dmitry Peskov, a 48-year-old tractor driver at Mirny’s collective farm, pulled his daughter toward the front of a crowd that gathered near a military memorial so they could listen to participants in the rally make declarations in support of Mr. Putin and Russia’s actions.

“I support everything that is for victory and for Putin,” he said. “He loves our people and people love him. Because of him, I have my job, my tractor.”

In the region of Tver, where the village of Mirny and town of Torzhok are located, government statistics show that 75% of residents voted for Mr. Putin in the 2018 presidential election and more than 70% supported 2020 amendments to



the constitution that allow him to stay in power until 2036.

When the drivers from Mirny arrived in Torzhok, they joined with others and positioned themselves to form the letter Z that has come to symbolize support for Russia’s military action in Ukraine. The town’s acting mayor, Sergei Kulagin, was there to greet them.

Mr. Kulagin played down the impact of Western companies’ withdrawing from Russia.

“It’s in the West that everything is getting worse,” he said, echoing the Russian state media narrative. “Here, our production and manufacturing is strengthening. Support for families is increasing. And we are Russians. It means we become more united and difficulties make us even tougher.”

The average monthly salary in Torzhok, a town of some 43,000 people, is 40,000 rubles. That is currently equiva-

Sergei Kulagin, acting mayor of Torzhok, above, plays down the impact of Western companies’ withdrawing from Russia. At left, a man looks at a device to see people in Torzhok form a Z in support of the Ukraine action.

lent to about \$390.

To cushion any impact on Russians of international sanctions, Mr. Putin has announced a new allowance for low-income families with children aged 8 to 16. Other state subsidies are already being offered to pregnant women and single-headed households, while pensions and social benefits are on tap to rise.

At the All-Russian Historical and Ethnographic Museum just off Torzhok’s main square, guide Tatyana Morozova said most people support the Russian government’s military operations in Ukraine, because the goal, she believes, is to bring peace.

Outside, Sergei Ivanov unfurled a large blue flag honoring the Union of Paratroopers of Russia. “It’s difficult for our Russian brothers now,” said Mr. Ivanov, 28. “They are defending us and we support them and our president and the important decision he made.”

Ukrainians Sift Debris Of Shelter

Continued from Page One over its invasion of Ukraine, and President Biden was set to speak with President Xi Jinping of China on Friday as the U.S. works to deter Beijing from deeper involvement with Moscow on its war effort.

“We believe China in particular has a responsibility to use its influence...to defend the international rules and principles that it professes to support,” Secretary of State Antony Blinken said Thursday.

“Instead, we fear that China is moving in the opposite direction by refusing to condemn this aggression, while seeking to portray itself as a neutral arbiter,” he said.

For weeks Mariupol has been the target of relentless shelling by Russian forces seeking to advance along Ukraine’s southern coast. Russia has long coveted Mariupol for its strategic location 35 miles west of the Russian border on the Azov Sea. Controlling the strip of land from Mariupol to Crimea would alleviate Moscow’s logistical complications in supplying and administering the peninsula it annexed in 2014 and solidify its grip on Ukraine’s coast and seaborne export economy.

A resident of Mariupol who escaped the city told a Ukrainian TV channel there had been more than 1,000 people in the theater before it was bombed, sheltering in an underground bunker, in the main auditorium and on stage.

“It was a symbol of the city,” said Mykola Osychenko, the chief executive of Mariupol TV, one of the city’s three channels, which is now off the air, its offices destroyed by shelling. “It showed that the city is not only a city of metallurgical engineers but also a city of people who in addition to being tough working people are not alien to art.”

The people who had taken refuge in the building were principally those who had lost their homes in Russia’s bombardment of the city, Mr. Osychenko said. “People left their houses and went toward



In Kyiv on Thursday, firefighters battled a warehouse blaze, as Russian forces continued to bombard Ukrainian cities.

the drama theater because there was nowhere else to live,” he said. “Every day there were more and more of them.”

Other residents visited the theater’s cellar kitchen for subsistence meals. There was no electricity there.

In recent days, residents collected rocks and used them to spell the word “children” on the ground near the theater, a signal to overhead aircraft.

Elsewhere in Ukraine, a large market in Kharkiv was engulfed in flames after being hit during a Russian strike, and several people, including a teacher from the U.S., were killed in shelling in Chernihiv, a local of-

The deputy mayor of Mariupol says 80% to 90% of the city has been destroyed.

ficial said Thursday.

Russia’s Defense Ministry said the country’s armed forces had destroyed 46 Ukrainian military targets in the past day, including an S-300 antiaircraft system, an arms depot and three drones.

Mariupol Deputy Mayor Serhii Orlov said between 80% to 90% of the city had been destroyed, and there was no electricity or running water. Residents have resorted to melting snow, collecting puddle water and draining radiators to drink, he said.

Russian forces have also trapped several hundred people in a hospital in Mariupol, according to Mr. Kyrylenko. A convoy of food, water and medicine destined for the city has

been held up for several days by Russian forces near Berdyansk. Efforts to arrange an evacuation of civilians from the city have also failed, but several thousand managed to get out in their own vehicles this week.

“We were a regular, peaceful city and they turned us into a hell,” said Mykola Trofymenko, the head of Mariupol State University, who left the city on Tuesday.

For two weeks, Mr. Trofymenko was sheltering in the basement of a three-story building with about 80 people, along with his wife and son.

Communications in and out of Mariupol were cut during the early part of Russia’s invasion, which began on Feb. 24.

When the power cut out at the end of February they took food out of the refrigerator and put it outdoors. They cooked on an open fire in the yard, diving for cover in the basement when they heard the whistle of incoming artillery.

Unable to get to the main hospital because Russian forces are holding several hundred people hostage inside, a doctor was forced to amputate the leg of a wounded person without anesthetic, using a kitchen knife, he said.

Before the theater attack, an adviser to the mayor, Petro Andryushchenko, said that the city’s death toll was significantly higher than the 2,357 casualties officially confirmed, putting it closer to 20,000.

Corpses lie in the street, as heavy shelling prevents residents from burying them, he said. “Death is everywhere.”

—Georgi Kantchev, Drew Hinshaw and Evan Gershkovich contributed to this article.



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THE UKRAINE CRISIS

House Votes to Strip Russia of Trade Status

By YUKA HAYASHI AND ELIZA COLLINS

WASHINGTON—The House easily passed legislation Thursday to end normal trade ties with Russia over its invasion of Ukraine, moving quickly to approve the measure after President Biden announced his support last week. The Suspending Normal Trade Relations with Russia and Belarus Act passed 424 to 8 on a fast-track procedure that requires at least two-thirds of lawmakers support the measure. The bill now heads to the Senate. That chamber has a matching bill with bipartisan support and

Majority Leader Chuck Schumer (D., N.Y.) said he would work to move it quickly. The legislation would strip Russia and Belarus—a country closely aligned with Russia that has been used as a staging ground for its Ukraine invasion—of their most-favored-nation trade status, a step that would result in higher tariff rates on some imports from the countries. Eight Republicans voted against the legislation. The “no” votes were Rep. Andy Biggs of Arizona, Dan Bishop of North Carolina, Lauren Boebert of Colorado, Matt Gaetz of Florida, Marjorie Taylor Greene of Georgia, Glenn

Grothman of Wisconsin, Thomas Massie of Kentucky and Chip Roy of Texas. The measure would mark the latest effort by the U.S. and allies to isolate Russia from international commerce, and Congress and the White House are exploring further ways to punish Moscow and aid Kyiv. In his speech to Congress on Wednesday, Ukrainian President Volodymyr Zelensky said the U.S. should sanction Russian politicians and that the U.S. should cut off all Russian imports as he also called for more military aid. To maximize the pressure on Russia and Belarus, the bill would give Mr. Biden the au-

thority to order additional increases in import duties for certain products, pushing them above the rates that would result from simply ending the most-favored-nation, or MFN, status. While the bill doesn't specify those items, candidates would include non-energy products such as aluminum, wood and wood veneer products, and chemicals including fertilizer, according to Rep. Kevin Brady (R., Texas), a co-sponsor of the bill. The legislation also requires the U.S. trade representative to urge Russia to be suspended from the World Trade Organization and to stop Belarus's membership ap-

plication process. It is a symbolic gesture as the WTO doesn't have a legal framework for terminating a member country—and changing that would require a complex and time-consuming process. If the two countries halted the invasion, the legislation would allow Mr. Biden to bring back normal trade relations, but Congress could overrule the president. “It is past time to cut off Vladimir Putin's regime from the benefits of the global trade system,” said Sen. Ron Wyden (D., Ore.), the chairman of the Senate Committee on Finance, calling the trade penalties “the harshest economic measures

seen in a generation.” Stripping Russia of its most-favored nation status is a largely symbolic step for the U.S. Bilateral trade with Russia is modest to start with. And as part of its expanding sanctions regime, the U.S. has already banned imports of oil, gas and seafood products including crabmeat, which make up a majority of the purchases. Overall trade between the U.S. and Russia totaled \$36.1 billion in two-way goods trade in 2021, making Russia the U.S.'s 23rd-largest trading partner, according to Census Bureau data. Most-favored nation status is a key principle of the WTO on equal tariff treatment.

Small Operators Drill Away

Continued from Page One true,” he said. The emergence of Endeavor and other private companies as important oil players has been driven by big changes in the U.S. energy industry. The Biden administration called on companies to increase their crude production after gasoline prices surged, threatening the broader economy. But many large, publicly traded energy companies, as well as those controlled by private-equity firms, have been cautious about ramping up drilling. They are feeling pressure from investors who prefer dividends and share buybacks to ambitious and expensive drilling plans, after suffering profit disappointments during past boom markets. Also, a push from investors and others to reduce carbon emissions has curbed the appetite of bigger companies to drill, as has uncertainty about how long prices will remain afloat.



Oil is pumped on a field near Midland, Texas, above. Endeavor Energy Resources founder Autry Stephens, below, has focused his company's drilling on the Permian Basin—86,000 square miles centered on Midland—one of Texas' oldest oil fields.

bined 27 drilling rigs in the U.S., down from 33 in 2020. By the end of this year, Endeavor and Mewbourne will together produce about 433,000 barrels of oil a day, or 4% of the U.S.'s entire expected production, Pickering said. The two companies will add 116,000 barrels a day this year, or 18% of the nation's anticipated production growth, Pickering said. While drilling by Endeavor and other private companies isn't enough to offset the loss of Russian oil in global markets, it is proving crucial amid fears that energy supplies won't keep up with growing global demand. Today, 62% of the 734 active U.S. oil-and-gas rigs are operated by private companies like Endeavor, compared with 49% of the 1,106 rigs at the start of 2019, ac-

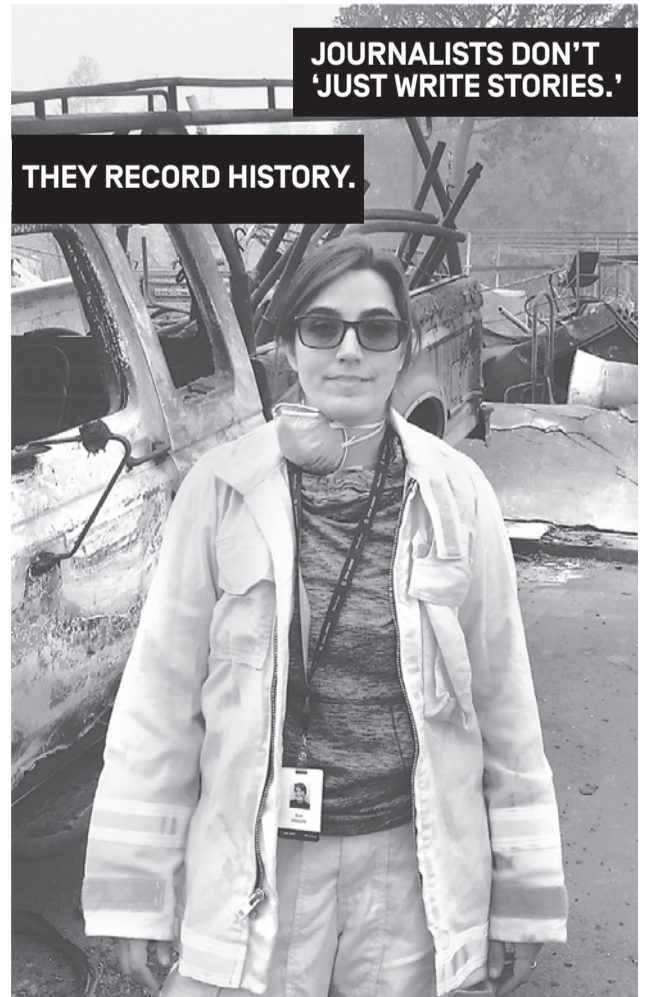
ording to Enverus Inc., an energy-focused data and software provider. “The real winners right now are the private companies,” said Dan Pickering, founder of Pickering Energy Partners. “Prices are high, and the little guys are quickly adding production to take advantage.” There is no guarantee, of course, that current market conditions that are favorable for companies like Endeavor will last. The oil market is famous for its booms and busts, and these firms know that if prices plunge once again, losses could follow. Mr. Stephens and his company are little-known outside the Texas oil patch. He isn't responsible for any major oil discoveries and barely survived several past industry downturns. “I've had several near-death experiences in my career,” Mr. Stephens said. “We survived, but it could just as easily have gone the other way.”



emerged. Over the decades, Mr. Stephens borrowed as much money as he could to accumulate acreage, usually in Texas. It worked when prices rose but placed his company in serious jeopardy during difficult periods. Mr. Stephens defaulted on his debt in 1999, and his company came close to the edge in both 2008 and 2014 when crude prices tumbled. Each time, Mr. Stephens shut down his drilling rigs, sold assets and managed to find new lenders to stay afloat. The ups-and-downs became too much, though. In recent years, Mr. Stephens paid down debt and recruited a management team to run his daily operations. “I try not to look over their shoulder too much, I share my thoughts where I can add something,” he said. “I tried golf but wasn't very good at it.” As oil prices rose after the 2008 global financial crisis, his company became more valuable. When bankers visited his office, they sometimes were startled by an older dog who kept him company and liked to nip at the heels of his visitors. By 2019, Mr. Stephens was entertaining offers to sell Endeavor for billions of dollars, according to people close to the matter.

Pandemic plunge

Then Covid emerged and the global economy collapsed. In April 2020, the pandemic triggered such a sharp drop in oil demand in the wake of a Russian-Saudi price war that the world was running out of places to store it, and oil prices briefly dipped below zero. The takeover deals were off, and the company was in trouble, once again. By that summer, though, with oil prices above \$40 a barrel, Endeavor was drilling new wells in the Spraberry layer, becoming one of the first companies to slowly step up production. “I always like to drill. I'm for drilling,” Mr. Stephens said. “Public companies have changed, but we're still guided by classic business parameters like rates of return, and aren't as influenced by what Wall Street wants to hear or ESG,” referring to environmental, social and governance concerns that have become more pressing for many publicly traded energy companies. “We totally support and participate” in safer production practices, he said, while arguing that oil will remain necessary for global economies and that more production will be required as the West shuns Russian oil. During 2020, Endeavor hedged about 70% of its production by selling it ahead of time to lock in a price. That enabled it to expand production while limiting the company's risk. Last year, though, Endeavor hedged only about 25% of its production—a bet on rising oil prices that paid off in a big way. That is a substantial risk. If prices crash, Endeavor will again feel pain, though it doesn't have as much debt as in years past. Mr. Stephens, who works at a desk overflying with geological maps and other paperwork, is skeptical of predictions that oil prices will keep climbing. After enduring the oil-price roller coaster his entire career, he said prices eventually will slide back. “There's enough oil and gas around the world, and demand will go down rapidly,” he said. “This period won't last very long.”

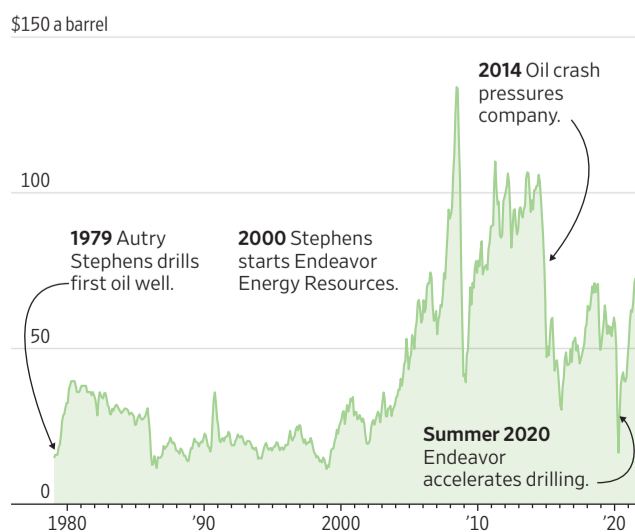


Texas roots

Mr. Stephens grew up in a farming community in De Leon, a close-knit, economically challenged city of 2,000 people in central Texas. His father owned a tractor dealership. Mr. Stephens tried his hand at farming, but drought during his senior year in high school in 1956 helped persuade him to heed his father's advice to pursue another career. “Farming is pretty tough,” Mr. Stephens said. “I also wasn't very good at it.” After receiving an engineering degree, Mr. Stephens worked for Humble Oil, which later became part of Exxon Mobil. In 1979, at age 41, he spent his life savings to drill his first oil well. It was a modest success. Mr. Stephens persisted, spending subsequent decades accumulating acreage. His company now holds the rights to drill on more than 500,000 acres in the U.S. He started Endeavor in 2000 and placed his personally owned assets in the new company. “I hoped people would think I was a real company if it had a name,” he said. Over time, Mr. Stephens focused on the Permian Basin—86,000 square miles centered on Midland—one of Texas' oldest oil fields but one that was in steady de-

cline. Most of the time, he got the acreage from U.S. and foreign oil companies pulling out of the region. “At the time, it seemed Autry was the only active player in the massive field,” said Bryan Sheffield, founder of Parsley Energy, an oil and natural-gas company that was sold last year. Mr. Sheffield said he sometimes drove by Endeavor's offices in downtown Midland on weekends and saw just one car in the parking lot: Mr. Stephens' 25-year-old Toyota Land Cruiser. It was often hard to make a lot of money in these fields, so Mr. Stephens began drilling for other companies while pursuing side businesses, partly to control his own drilling costs. Sometimes the side businesses proved costly mistakes. In 2010, he sent a drilling rig to Libya to help locals drill water wells, but the project collapsed when Col. Moammar Gadhafi was overthrown. His rig remains stuck in the city of Misrata in a yard full of cobras. In Texas, Mr. Stephens's approach was to operate wells more efficiently than larger competitors. When horizontal drilling and hydraulic fracturing methods were developed in the 2000s, Mr. Stephens began targeting the Spraberry layer deep in the Permian Basin, which is thick with oil but had been uneconomic to drill before new technologies

West Texas Intermediate crude oil, spot price



Note: Data are monthly through 2021, daily for 2022. Source: Federal Reserve Bank of St. Louis

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WORLD NEWS

Nations Press Waivers for Vaccine Patents

Deal reached by U.S., EU, South Africa and India needs approval from WTO members

By SAIED SHAH

After 18 months of fierce debate, a group of countries, including the U.S., reached an agreement to waive patent protections on Covid-19 vaccines. Now they are racing to get other countries to support the deal at the World Trade Organization, officials involved in the discussions said.

The U.S. and the European Union reached a compromise with South Africa and India that would allow developing countries to manufacture Covid-19 vaccines without the permission of the holder of the intellectual-property rights. It also would set a precedent for future pandemics.

After the first vaccines began to be approved in late 2020, developed nations quickly struck deals with Western pharmaceutical companies that tied up most of the global-production capacity. That left developing nations demanding that they be allowed to make

their own copies of the shots. The uneven distribution of vaccines has left some countries with less protection and made them potential breeding grounds for new variants, scientists say.

The deal now has to be put to the entire 164-nation membership of the WTO, which requires all member countries to agree for it to be approved. The draft text, which was obtained by The Wall Street Journal, doesn't cover medical treatments and tests, as originally called for by South Africa and India. It says a decision on diagnostics and therapeutics would be taken within six months of the approval of the vaccine deal.

Officials say they hope that consensus among all member nations can be reached by June, when trade ministers are due to meet at the WTO.

The U.K. and Switzerland, which have major pharmaceutical industries and opposed the waiver, weren't part of the talks on the agreement. They complained of a lack of transparency around negotiations in a WTO meeting of all members on March 9, trade officials said.

The text hasn't been officially shared with other WTO members. They are expected



A health worker prepared a Covid-19 vaccine at a health center in Hyderabad, India, this week.

to react to it at the next meeting of the WTO forum debating it, which has yet to be scheduled, trade officials said.

The draft text contains a clause that would exclude China as a beneficiary of the waiver. That means that China would still need the permission of the patent holder to

manufacture the vaccines of Pfizer Inc., Moderna Inc. or other Western companies. An official at the Chinese mission at the WTO said they were still studying the draft and didn't have a comment.

The agreement has dismayed the pharmaceutical industry for weakening patent

protections. Proponents of waiving patent protections say the deal comes far too late and isn't broad enough to help developing countries sufficiently.

When the Biden administration surprised the pharmaceutical industry by throwing its support behind the waiver, it said it was backing the re-

moval of patent protections for vaccines, but not treatments and tests. The EU initially was opposed to a vaccine waiver, calling for using the existing flexibilities in trade law.

Discussions reached a stalemate last year when the waiver was debated among all member countries. But in recent months, the EU, U.S., South Africa and India broke away into a smaller group to try to end the deadlock.

"While no agreement on text has been reached and we are in the process of consulting on the outcome, the U.S. will continue to engage with WTO Members as part of the Biden-Harris Administration's comprehensive effort to get as many safe and effective vaccines to as many people as fast as possible," said the U.S. Trade Representative.

The Covid-vaccine market, excluding Chinese shots, was worth sales of \$66 billion in 2021, which is set to jump to \$85 billion this year, according to Airfinity, which collates health data. The market is dominated by the vaccine developed by Pfizer and BioNTech SE, with market share of 57% in 2021, measured by revenue, followed by Moderna, with market share of 26%, Affinity data show.

Canada to Ease Entry Rules in April

By KIM MACKRAEL

OTTAWA—Canada will end a requirement for fully vaccinated travelers to show proof of a negative Covid-19 test before entering the country, easing a restriction that had frustrated businesses on both sides of the U.S.-Canada border.

Beginning April 1, fully vaccinated travelers to Canada will be allowed to cross the border without showing proof of a negative Covid-19 test, Canadian officials said Thursday, although they may still be subject to random testing. The change doesn't apply to people who are unvaccinated or par-

tially vaccinated.

Businesses and travelers for months have asked for the restrictions to be eased, saying the testing requirement made it difficult for people to take short trips across the border to shop, visit tourist attractions or see family and friends. Canadian officials said the change was possible because of the country's high vaccination rate and a decline in Covid-19 hospitalizations.

Nearly 82% of the Canadian population is considered fully vaccinated, which generally means they have received at least two doses of the vaccines produced by Pfizer Inc. with

partner BioNTech SE, Moderna Inc., or AstraZeneca PLC, or one dose of Johnson & Johnson's vaccine.

The U.S. continues to require travelers entering the country by air, including U.S. citizens, to show proof of a negative Covid-19 test taken within one day of their flight. Travelers entering the U.S. by car don't need to take a pre-arrival test.

"The revised border measures we're announcing today are possible thanks to the millions of Canadians who have stepped up, rolled up their sleeves and gotten vaccinated," Canadian Transport Minister Omar Alghabra said.

Travelers who aren't fully vaccinated will still need to show proof of a negative Covid-19 test or evidence that they have recently recovered from the disease before entering the country. They also are required to take a Covid-19 test upon their arrival and another test about a week later, and in most cases must quarantine for 14 days.

The move to ease Covid-19 testing rules comes several weeks after the end of a series of disruptive protests over vaccine mandates and Covid-19 restrictions, which took place in the capital, Ottawa, and at some border crossings.



Beginning April 1, fully vaccinated travelers will be allowed to cross the border without showing proof of a negative Covid-19 test.

Xi Promises to Control Covid With Less Economic Upheaval

By LIYAN QI

Chinese President Xi Jinping vowed to reduce the impact of Covid-control measures on the economy and people's lives, a first acknowledgment from the Chinese leadership of the costs of the government's stringent policies to rein in outbreaks.

As other countries have moved away from lockdowns and social distancing, Beijing has touted the success of its draconian measures in keeping the number of cases low, despite a mounting toll on its people and economy.

However, Chinese officials have scrambled to boost confidence in the economy as the more contagious Omicron variant of the coronavirus has prompted a surge in cases. The costs of fighting outbreaks add to recent headwinds, as Mr. Xi's campaign of regulatory tightening last year has slowed economic momentum more than expected. The geopolitical crisis over the war in Ukraine, and the potential costs to China of its recent alignment with Russia, have also rattled investors' nerves.

In a Thursday meeting of the Politburo Standing Committee, the Communist Party's top decision-making body, Mr. Xi asked officials to minimize the impact on the Chinese economy and people's lives from Covid-19 control measures, the official Xinhua news agency reported.

China is facing the biggest wave of Covid-19 infections since Wuhan became the original center of the pandemic in early 2020. Several local governments have resorted to the same playbook used over the past two years to stamp out new outbreaks by ordering large-scale shutdowns and mass testing.

Mr. Xi still urged officials to curb the spread of infection as soon as possible and said the central government would hold local officials accountable if they fail to respond to outbreaks promptly, Xinhua reported. Several officials in Ji-



A medical worker disinfects her gloves at a Beijing testing site.

lin province in China's northeast, where most of the recent cases have been reported, have been removed from their positions.

However, Mr. Xi said China must "strive to achieve the biggest prevention and control effect with the smallest cost, and minimize the impact of the Covid situation on economic and social development," Xinhua reported.

Over the past two days, the rise in cases appears to have abated slightly. On Thursday,

China is facing its biggest wave of coronavirus cases since early 2020.

China reported 2,432 cases, including both symptomatic and asymptomatic infections. Of those, 1,157 were in Jilin.

Mr. Xi's remarks came a day after senior officials moved to reassure investors rattled by the prospect of widespread factory closures and trade disruptions.

Although China's economy got off to a stellar start this year as factories churned out more goods, continued Covid-19 outbreaks and the impact of the war in Ukraine are now casting doubts on China's economic-growth target of around 5.5%.

An all-out lockdown of the

city of Xi'an in western China imposed late last year marked a shift in the Chinese public's patience with China's Covid strategies. Since then, economists and ordinary people have been more outspoken about the human and economic costs of severe Covid-19 control measures.

Xi'an's retail sales and fixed-asset investment tumbled 45% and 46% in December from a year earlier, respectively, according to estimates by Zhiwei Zhang, chief economist at Pinpoint Asset Management, based on official data.

In recent days, a surge in Covid-19 cases led Chinese manufacturing hubs Shenzhen and Changchun to impose restrictions, another blow to the world's battered supply chain.

Several parts of Shanghai are also under stay-at-home orders and some residents have complained of difficulties getting deliveries of daily necessities, such as food and medicine. Many who are under quarantine at their homes have to undergo daily Covid testing. Shanghai reported 158 cases on Thursday, only eight of which were symptomatic ones.

Mass testing of millions of people has been a big drain on local governments' fiscal resources, economists have said.

The challenges to the economy comes in a year when Mr. Xi is preparing to break with precedent to seek a third term as China's leader at a Communist Party conclave at the end of the year.

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WORLD NEWS

Argentina Approves Debt Deal With IMF

By RYAN DUBE

Argentina's Senate on Thursday night approved a government deal to refinance \$44 billion in debt with the International Monetary Fund just days before the country risked falling into arrears with the Washington-based lender.

The Senate vote was the last major hurdle in Argentina to roll over its debt with the IMF and avert a default that economists say would lead to greater financial turmoil in Latin America's third-biggest economy. The IMF's board still needs to approve the agreement.

"We are looking to avoid a situation of profound currency stress," Finance Minister Martín Guzmán told senators this week. "Argentina needs the capacity to avoid a destabilizing shock."

Argentina's deal with the IMF came together after months of talks and just as the global economy was hit by a new bout of turmoil with Russia's invasion of Ukraine, fueling inflation concerns. Inflation in Argentina was already one of the world's highest at more than 50%, with food prices rising sharply in February.

President Alberto Fernández says the deal, the country's 22nd program with the IMF, will allow Argentina to gradually stabilize its economy without implementing painful austerity measures.

BOE Lifts Key Rate To Counter Inflation

By PAUL HANNON

The Bank of England raised its key interest rate for the third time in as many policy meetings, a fresh sign that central banks in many parts of the world are giving priority to countering a surge in inflation rather than slowing growth as their economies brace for the negative impact of Russia's war on Ukraine.

The BOE's decision on Thursday came a day after the Federal Reserve announced its first rate rise since 2018, penciling in six more increases by year's end, and was made for similar reasons.

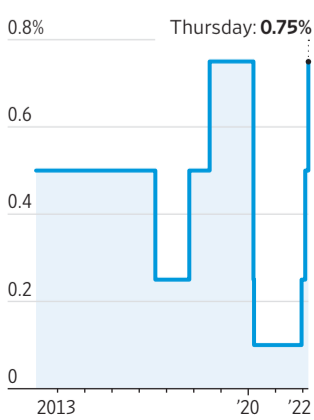
U.K. inflation hit a 30-year high in January and is expected to increase further as Russia's invasion keeps energy prices high. One similarity is the tight jobs market, with the unemployment rate falling to a two-year low of 3.9% in the three months through January. The BOE said that the rise in commodity prices since Russia's invasion of its neighbor means the rate of inflation is set to be around 8% in the three months through June, and perhaps even higher later in the year.

The U.K.'s central bank lifted its key rate to 0.75% from 0.5%, and said further increases might be needed over the coming months, although it added that "there are risks on both sides of that judgment."

"Global inflationary pressures will strengthen considerably further over coming months, while growth in economies that are net energy importers, including the United Kingdom, is likely to slow," the BOE said.

The pound weakened 0.4% against the dollar.

Bank of England's key interest rate, past 10 years



Some Evacuated Afghans Opt to Return

By JESSICA DONATI

WASHINGTON—Dozens of Afghans who were evacuated to the United Arab Emirates as the Taliban seized power last summer are volunteering to be sent back despite the danger of reprisals so they can support families left behind, evacuees say.

One Afghan evacuee who worked at Kabul airport said in an interview from Afghanistan, where he returned last week, that U.S. military officials promised him shelter in America in return for his help with the evacuation effort. Afghan evacuees often were the primary breadwinners for extended families left behind and hoped to quickly begin working in order to send money home.

He said his family back in Afghanistan ran out of savings while waiting for news on his case at a U.A.E. camp for Afghans, which is now the temporary home for thousands of evacuees.

"I have to go because of my family. It's been almost seven months. My family has nothing to eat. Who will feed them?" he said he told U.S. officials. He was working at Kabul's airport when the city fell, and was unable to take his family with him.

To leave the camp, he said he was required to sign a paper stating he wouldn't be at risk back in Afghanistan, even though he fears the Taliban will hunt him down for working with the U.S., then disappearing for six months. "I told them of course my life will be in danger," he said. "They said, you can't go unless you sign it. So I had no other option."



Afghans housed at the Emirates Humanitarian City in the United Arab Emirates have been awaiting permission to travel to the U.S.

The State Department declined to say how many Afghans had volunteered to be sent back, and advised contacting the U.A.E. for information. It didn't comment on the requirement to sign a declaration before leaving. The U.A.E. Embassy in Washington didn't respond to a request to comment.

"We have encouraged Afghans at U.A.E. Emirates Humanitarian City not to return to Afghanistan, as we complete surveys among remaining travelers to determine

their eligibility for onward travel to the U.S. or potentially a third country," the State Department said.

"The United States remains in active conversations with bilateral and international partners about third country resettlement for those Afghans who may ultimately not be able to travel to the United States," it added.

The Afghan evacuee who returned to Afghanistan to support his family said he was part of a group of about 45

other Afghans that departed last week. He is now sheltering at a relative's house with his wife and daughters, worried the Taliban will come looking for him. "I have no job, no salary and unfortunately no future," he said.

Thousands of Afghans have been waiting for more than six months at the tightly secured camp known as Emirates Humanitarian City in the U.A.E. hoping to be allowed into the U.S. after escaping Afghanistan aboard U.S. military and private

charter flights. In February, protests broke out over conditions there, which evacuees likened to prison because of restrictions on movement and the lack of information about their cases.

Following the collapse of the U.S.-backed government in Kabul over the summer, the Biden administration called on allies to host evacuees temporarily. The administration has yet to identify a path for thousands who ended up in third countries and are still waiting to enter the U.S.

Macron Proposes Boost in Retirement Age

By NOEMIE BISSEBIE

PARIS—French President Emmanuel Macron said he plans to raise the legal retirement age to 65 from 62, raising a controversial issue three weeks before national elections.

Mr. Macron proposed an overhaul of the country's pension system about two years ago, which led to a transport strike that lasted more than a month. The government shelved its plan when the Covid-19 pandemic hit.

"We are in an aging society," Mr. Macron said Thursday during his first news conference since declaring he would seek a second term. "It is therefore normal that we work more."

The proposed measures

have angered union leaders, who say they are unfair. Other presidential candidates have similar proposals.

"In certain jobs, you just can't work until 65, it's obvious," said Laurent Berger, leader of the CFDT, France's largest private-sector union.

Mr. Macron has a 12 percentage-point lead in polls heading into the first round of voting on April 10. His closest rival, the far-right politician Marine Le Pen, has said the retirement age should range from 60 to 67 depending on when a person started work.

Mr. Macron's proposed measure would be different from the previously planned pension overhaul, he said. In his 2019 plan, Mr. Macron proposed a system of bonuses and



President Emmanuel Macron wants to raise the age to 65 from 62.

penalties to motivate people to work until age 64.

The provision, known as the "pivot age," was a stopgap aimed at shoring up the country's pension budget, while

workers gradually transition to a new universal system based on points that people earn during the course of their careers.

Mr. Macron also said he wants to make France more

self-sufficient and independent, adding that he would invest in the country's agricultural sector, its military, as well as nuclear energy.

"I think we are at a tipping point when we can truly change things," Mr. Macron said.

The war in Ukraine has boosted support for Mr. Macron as voters seek a steady hand to weather the crisis, analysts say.

Mr. Macron would gather 30% of the vote in the first round of the elections, ahead of Ms. Le Pen, who would get 17.5%, according to a recent Ifop poll.

In a runoff against Ms. Le Pen, Mr. Macron would get 57.5% of the votes compared with 42.5% for the far-right candidate, the poll showed.

WORLD WATCH

CHINA

Advocate of Muslim Culture Faces Probe

China's Communist Party has authorized a corruption inquiry into a senior official who was previously an influential advocate of Muslim culture, according to people familiar with the matter, in a signal of Chinese leader Xi Jinping's resolve to push ahead with the country's aggressive ethnic assimilation efforts.

Wang Zhengwei, a member of China's Muslim Hui minority and a vice chairman of China's top political advisory body, the Chinese People's Political Consultative Congress, is under investigation by the party's internal disciplinary watchdogs for abuse of power and corruption, the people said.

The investigation was prompted by concerns that Mr. Wang had promoted "unrestrained Muslim culture" and encouraged religious extremism when he served as Communist Party chief of his home region of Ningxia in China's northwest and later as head of the National Ethnic Affairs Commission, the agency in charge of implementing ethnic policy, the people said.

—Josh Chin

EUROPE

Glitches Delay Trains In Poland and Italy

Major malfunctions in the electronic control systems of railway networks in Poland and Italy have caused significant delays and cancellations along train routes, railway authorities in both countries said Thursday.

In Poland, government cybersecurity chief Janusz Cieszynski said a team tasked with handling emergency situations was



CLOSE-KNIT BAND: Performers returned to the streets of Dublin on Thursday for the St. Patrick's Day Parade after a two-year absence because of the Covid-19 pandemic.

set to meet to investigate the malfunction.

Poland's PKP PLK railway company Director Miroslaw Skubiszynski, said that the sudden outage affected 19 out of Poland's 33 control centers, idling train traffic on some 500 miles of railroads.

In Italy, railway company Trenitalia issued an alert saying that control system outage had caused major problems along the key Rome-Florence line.

Many trains faced delays of up to two hours or have been canceled because of problems to the centralized computer control system, Italian State Railway said.

Infrastructure company Alstom said Thursday's delays on the Italian State Railway and in Poland were due to a computer bug in signaling software provided by Bombardier Transportation.

—Associated Press

IRAN

U.A.E. Cargo Ship Sinks Off Coast

An Emirati-flagged cargo ship, longer than a soccer field, sank in stormy seas off Iran's southern coast in the Persian Gulf on Thursday, authorities said. Rescuers were trying to account for all of the vessel's 30 crew members.

Capt. Nizar Qaddoura, operations manager of the company that owns the ship, Salem Al Makrani Cargo, said the Al Salmi 6 encountered treacherous weather. The choppy waters forced the vessel to list at a precarious angle and within hours fully submerged the ship.

Emergency workers dispatched from Iran successfully saved 16 crew members, Capt. Qaddoura said, and civilian ships

had been asked to help with the rescue efforts. Eleven survivors made it into life rafts, while one person was plucked and saved from the water by a nearby tanker. Two crew members were still bobbing in the sea, he said.

The ship had been bound for the port of Umm Qasr, in southern Iraq, carrying cars and other cargo. It had left Dubai days earlier.

—Associated Press

UNITED KINGDOM

Ferry Service Disrupted by Firings

A ferry operator owned by the government of Dubai sparked a furious response from workers and criticism from British authorities Thursday after firing 800 U.K.-based crew members without notice amid plans to replace

them with cheaper staff.

P&O Ferries, one of the largest ferry operators in the U.K., said the workers would be laid off with "immediate effect" as the company cuts costs after posting a £100 million (\$131 million) loss last year. The government warned that travelers could expect 10 days of disruption on routes to Ireland, Northern Ireland, France and the Netherlands.

The British government, which provided millions of pounds of support to P&O during the coronavirus pandemic, criticized the way the company had treated "hardworking, dedicated" crew members.

The ferry operator, a unit of Dubai-government owned logistics giant DP World, said it had no choice but to act quickly.

—Associated Press

AFGHANISTAN

U.N. Mandate Focuses on Equality

The U.N. Security Council approved a robust mandate for its political mission in Afghanistan following the Taliban takeover last August. Thursday's mandate authorizes the mission to promote gender equality, empowerment of women and girls, human rights of all Afghans and an inclusive and representative government.

The Norwegian-drafted resolution was adopted by a vote of 14-0, with Russia abstaining.

Norway's U.N. Ambassador Mona Juul said the Security Council sent a clear message that the U.N. mission "has a crucial role to play in promoting peace and stability in Afghanistan and in supporting Afghan people as they face unprecedented challenges and uncertainty."

—Associated Press

ARTS IN REVIEW

FILM REVIEW

'Deep Water': Drowning In Infidelity

By Amy Nicholson

Five years before Edward Albee unleashed George and Martha to terrorize social norms with a game of Get the Guests, Patricia Highsmith's 1957 novel "Deep Water" concocted a couple so toxic it took Hollywood 6 1/2 decades to put them on film. One producer told Highsmith her Vic and Melinda Van Allen were too psychopathic for cinema, and the only director who dared take on their miserable marriage died by suicide after reading a draft of her script. Highsmith, never a people person, griped that the dead man owed her \$12,000.

Kudos to erotic thriller authority Adrian Lyne for escorting the Van Allens to the screen, albeit nine years after the now 81-year-old "Fatal Attraction" director first announced his intention to give "Deep Water" a go. (As an in-joke, he's tweaked a supporting character from the book into a frustrated screenwriter who groans that in "Hollywood they develop stuff for years and years.")

"Deep Water" is a wickedly funny potboiler about sex, gossip and hypocrisy that Mr. Lyne has transplanted from the suburban Northeast to New Orleans, a city that sweats menace despite the film's chilly blue cinematography and coldly erotic score. The filmmaker is ecstatic to put sex back into cinemas—or, at least, stream it on Hulu.

Can Mr. Lyne once more make titillation mainstream when a generation of actors has gotten used to hiding their hormones under superhero codpieces? As proof of intention, he's cast Ben Affleck—no stranger to comic-book films—alongside Ana de Armas as Vic and Melinda, a wealthy duo who are the center of scandal among their hard-partying clique. Nearly every

night, the Van Allens hand their neglected 6-year-old, Trixie (Grace Jenkins), to a babysitter and head out to a soiree or supper. (The child talks to the home's virtual AI instead of to her mother, who resents the girl's existence.) And nearly every event ends with Melinda in a drunken clinch with a young hunk while Vic placidly professes not to mind his wife's canoodling.

Flattering himself, Vic thinks he is an enlightened man too evolved for base jealousy. His wife is the animal, and Ms. De Armas amplifies the contrast by playing Melinda like a cheetah thrilled to race across the savannah, a physical marvel delighted by the power of her body in motion. Superiority is

Adrian Lyne's screen version of the Patricia Highsmith novel moves the story to New Orleans.

Vic's kink. Highsmith saw him as an egotist who doesn't disagree when friends call him a saint. Vic does, however, bristle that Melinda gravitates to dimwits like Joel Dash (Brendan Miller), who when trying to ask if Vic feels emasculated can't even pronounce the word.

Surely, his wife could choose a lover who suits his social standing instead of her invasion of hydra-headed morons. After all, Vic is a brilliant engineer who's made millions from a computer chip used in military drones, allowing him to retire early and devote his energy to a vanity magazine named Xenophon, in honor of the Greek warrior-philosopher. (Or rather, the title allows Vic to flaunt that he's someone who's heard of Xenophon



Ben Affleck and Ana de Armas, above, and Ms. De Armas and Charlie Jacob Elordi, below left

in the first place.)

Highsmith identified with Vic's defiance of milquetoast mediocrity. She even gave the character her own lifelong hobby of raising pet snails. (Highsmith's favorite snail, Hortense, traveled with her to Paris, Venice and Rome.) Mr. Lyne tenderly photographs wet eye-stalks rippling across Mr. Affleck's finger. But Vic's narcissism is too cerebral for screenwriters Zach Helm and Sam Levinson, who simplify him into a clenched-jawed cuckold roiling with sexual frustration. The trade-off makes Vic less interesting, but more comic and relatable. In lieu of self-deluded inner monologues, Mr. Affleck gives Vic a phony smile and passive-aggression honed to a dagger. He entertains the audience with petty bits of vengeance, say inviting one of

Melinda's dates to dinner and feigning ignorance of his shellfish allergy. ("I'm not being rude, I made lobster bisque.") As a prank, Vic tells one gullible rival that he bludgeoned Melinda's last boyfriend to death with a hammer. His boast becomes a rumor—and a sticky rumor can become reality.

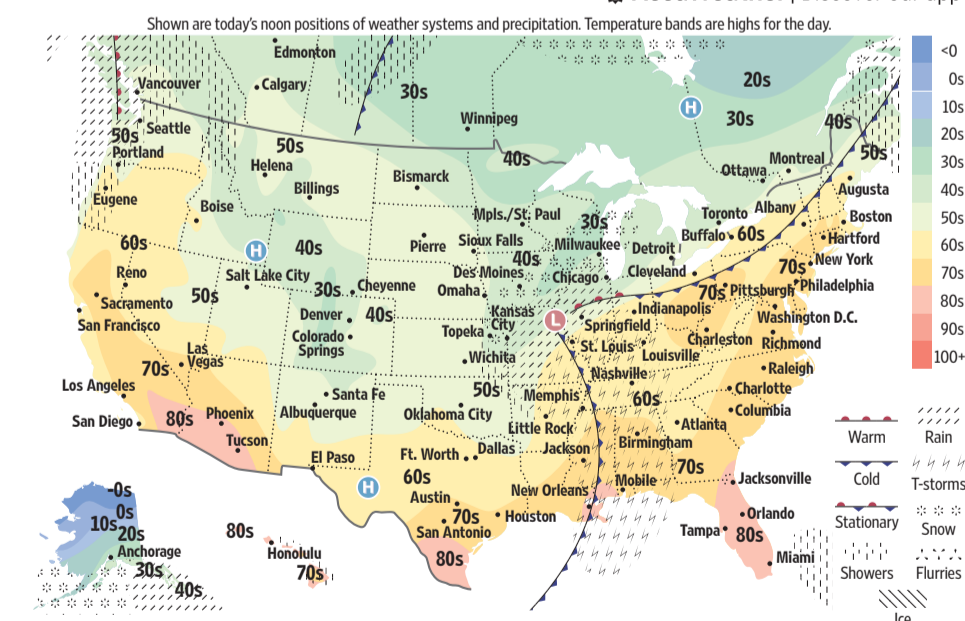
The satire under the surface of "Deep Water" is that the Van Allens' friends prefer to rally behind a killer over a cheater. So what if Vic may have slain a man—how dare his wife embarrass him with that piano player? The town's morally askew loyalty to a suspected murderer literalizes that stereotype about the battle of the sexes: that men win arguments by keeping their voice calm, frustrating women into sounding comparatively unhinged.

Virtue can be superficial, and the film adaptation sharpens the point by adding that the money that's solidified the Van Allens' place in society comes from drone warfare, where homicide is both utterly dispassionate and totally legal. Highsmith was adamant about punishing her ill-matched marrieds. This take on the tale is at once more shallow and more ambiguous, casting accusations against a community who will forgive anything so long as the wine keeps flowing—as well as those in the audience who root for Vic past the point when his moral clarity turns to mud.

Ms. Nicholson is a film critic in Los Angeles and host of the podcast "Unspooled." Joe Morgenstern is on vacation.



Weather



U.S. Forecasts

City	Today		Tomorrow	
	Hi	Lo	Hi	Lo
Anchorage	36	27	c	39
Atlanta	65	56	t	68
Austin	72	39	s	77
Baltimore	75	54	pc	76
Boise	61	45	pc	60
Boston	69	45	pc	51
Burlington	55	41	c	48
Charlotte	74	60	pc	76
Chicago	44	37	r	44
Cleveland	64	52	r	59
Dallas	64	40	s	73
Denver	49	29	pc	55
Detroit	54	44	r	53
Honolulu	84	71	pc	83
Houston	72	46	s	77
Indianapolis	64	46	r	47
Kansas City	43	31	r	41
Las Vegas	75	53	s	78
Little Rock	63	42	t	67
Los Angeles	78	54	s	68
Miami	84	74	pc	85
Milwaukee	41	35	r	45
Minneapolis	46	29	pc	55
Nashville	68	49	t	57
New Orleans	79	52	t	67
New York City	73	52	pc	62
Oklahoma City	54	34	c	70

International

City	Today		Tomorrow	
	Hi	Lo	Hi	Lo
Amsterdam	57	39	s	54
Athens	49	40	sh	46
Baghdad	70	47	s	76
Bangkok	95	79	t	95
Beijing	36	26	sn	44
Berlin	55	34	s	50
Brussels	56	40	s	53
Buenos Aires	68	55	t	67
Dubai	80	71	s	83
Dublin	55	43	pc	53
Edinburgh	54	36	pc	58

Today Tomorrow

City	Today		Tomorrow	
	Hi	Lo	Hi	Lo
Frankfurt	58	39	s	52
Geneva	55	42	pc	53
Havana	89	65	s	89
Hong Kong	79	69	t	78
Istanbul	39	31	sn	39
Jakarta	90	77	t	90
Jerusalem	52	40	c	55
Johannesburg	74	55	c	77
London	59	44	s	55
Madrid	62	43	pc	60
Manila	95	79	t	96
Melbourne	71	59	r	84
Mexico City	78	51	s	78
Milan	58	46	c	57
Moscow	38	26	s	39
Mumbai	96	81	pc	94
Paris	58	41	s	58
Rio de Janeiro	90	77	r	90
Riyadh	72	47	s	79
Rome	61	46	c	61
San Juan	85	73	c	84
Seoul	52	36	sh	45
Shanghai	57	47	c	61
Singapore	88	79	pc	88
Sydney	77	69	pc	72
Taipei City	71	62	r	78
Tokyo	50	46	c	61
Toronto	49	39	c	52
Vancouver	51	43	c	49
Warsaw	45	24	s	46
Zurich	55	38	pc	52

The WSJ Daily Crossword | Edited by Mike Shenk

1 2 3 4 5 6 7 8 9 10 11 12

13 14 15 16 17 18 19 20 21 22 23 24 25 26

27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52

53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70

DEAL BREAKER | By Mike Shenk

The answer to this week's contest crossword is an anagram of a grid answer.

27 Blanchett of "Nightmare Alley"

28 Top 40 deejay's collection

29 Important times

30 Appreciate completely

31 1962 Paul Anka hit

32 Pair

33 Isn't well

34 Helvetic height

35 Cart tower

36 One of the new additions in UNO's "All Wild!" deck

37 Itch

38 Reggae cousin

39 Daughter of the Titans

40 "Your point being?"

41 Withdrew

42 Free, in a way

43 Important times

44 Appreciate completely

45 1962 Paul Anka hit

46 Campaign loser

47 1969 tennis Grand Slam winner

48 1950s teammate of Mickey and Whitey

49 Millennium Falcon feature

50 Skeptic's utterance

51 Like some short kickoff kicks

52 Sinuous swimmer

53 Important times

54 Appreciate completely

55 1962 Paul Anka hit

56 Campaign loser

57 1969 tennis Grand Slam winner

58 1950s teammate of Mickey and Whitey

59 Millennium Falcon feature

60 Skeptic's utterance

61 Like some short kickoff kicks

62 Sinuous swimmer

PUZZLE CONTEST

- 68 Fibonacci's birthplace
- 69 Doesn't ignore
- 70 Sardonic
- 31 Football's Jack and John
- 33 They'll put you in your place
- 36 Hieroglyphic serpents
- 37 Predatory seabird
- 38 Rescues from wrecks
- 40 Supplement to Soc. Sec., perhaps
- 45 Officially exclude
- 47 '50s novel turned down by Simon & Schuster, Viking and Doubleday
- 48 Epic poem in 12 books
- 50 Pan, e.g.
- 51 Invariably
- 52 How some are missed
- 55 Adjective in some "shoppe" names
- 57 "Teacher, call on me!"
- 58 Seven-time Silver Slugger Award winner Sandberg
- 59 Altar area
- 61 Puppy sound
- 62 Kimono accessory
- 64 GPS lines

Previous Puzzle's Solution

L	A	I	D	A	Z	I	E	S	B	R
E	R	N	I	E	C	I	A	R	A	Y
G	E	T	R	E	N	T	A	C	A	R
O	N	O	L	I	M	A	N	T	I	T
M	A	T	T	E	C	I	A	S	A	R
A	D	A	P	T	E	D	A	T	T	E
N	O	L	A	N	A	G	O	T	E	S
U	N	F	R	I	E	N	D	S		
W	A	I	L	A	O	L	D	A	K	A
O	R	D	E	R	I	N	B	E	E	F
W	A	S	T	E	R	I	A	L	S	E
P	A	I	S	T	R	O	T	E	P	A
B	A	L	R	A	D	I	O	A	D	C
U	H	S	O	W	N	E	D	S	T	L
D	O	O	S	E	A	L	L	R	A	S

ARTS IN REVIEW

FILM REVIEW

‘Outfit’: A Thriller in Need of Tailoring

By Amy Nicholson

Al Capone knew that clothes made the mobster. While head of the Chicago Outfit, he considered launching his own fashion line—the Al Capone Collection—but worried that hawking silks would hem in his fearsome reputation. At his 1931 trial for tax evasion, federal prosecutors tried to weaponize his dandyism, trotting out his personal tailor who testified, in a not-so-subtle dig, that Capone’s favorite colors were green and canary. Nevertheless, Capone’s tailored suits remain the mafia’s signature silhouette, and it’s under their sharp-shouldered shadow that Graham Moore sets his “The Outfit,” a tidy and self-congratulatory little thriller about a clothier who fights back against the mob.

Mark Rylance stars as Leonard Burling, a Savile Row expat now operating a haberdashery in 1956 Chicago that caters primarily to the Irish mob. The film never leaves the shop, forcing us to become familiar with every crisply folded handkerchief and symbolic snow globe. It’s a suffocating warren of grays and browns, brightened only by a brassy receptionist named Mable (Zoey Deutch) sa-shaying around like a copycat of Joan Blondell. People can’t make sense of why a fastidious man like Leonard would flee the capital of posh grooming. “Jeans,” he groans, fingering James Dean as the trendsetter who kneecapped his London career.

Now, instead of suiting the tasteful bankers of Lombard Street, Leonard must please local mafia boss Roy Boyle (Simon Russell Beale), an aging titan who forces the shop to operate a shadow business as a mail dropbox for the underworld. Flattery is Leonard’s profession. He’s paid to slim bellies and soothe egos. So the tailor has learned to stay focused on fabric while wiseguys strut in and out of his backroom. Or rather, Leonard has learned to give a theatrical performance of obliviousness: He’s soft-spoken and pathetically deferential, practically letting his forehead scrape



Zoey Deutch as Mable and Mark Rylance as Leonard in Graham Moore’s ‘The Outfit,’ about a British tailor who fights the mob in ‘50s Chicago

the floor when thugs like sociopathic bruiser Francis (Johnny Flynn) and Boyle’s meathead son, Richie (Dylan O’Brien), swagger around like they own the place.

But the jazzy, anticipatory score is a clue that something bad is going to burst into Leonard’s sanctum. There will be bloodstains, and they begin when one of the boys enters gut-shot and the timid couturier is forced to sew up the wound, a shivering nasty bit of business.

“I don’t judge,” Leonard promises the goon squad. “I just don’t want to be involved.”

Should we believe him? The film’s make-up team sure wants us to, exaggerating Mr. Rylance’s wiggling eyebrows and rosy cheeks until he resembles a complaisant marionette. Mr. Rylance even toddles across the floor like someone else is pulling his strings. But Mr.

Moore, here making his directorial debut after winning an Oscar for the screenplay of the Alan Turing biopic “The Imitation Game,” is drawn to men with enigmatic skills. Mr. Moore and co-writer Johnathan McClain argue that a good tailor is a brilliant detective. Leonard can size up a client in one meeting—“Who would this man like to be and who is he underneath?” he ponders in an opening monologue—and, once he’s taken the full measure of a man, he then lays out an intricate plan to construct a costume that fits. As for Leonard’s own clothes, over the course of the film his stark black-and-white wardrobe seems to shape-shift. Is he the mafia’s prisoner . . . or its undertaker?

This is a movie that celebrates the bespoke. It takes 228 pieces to put together a suit, and nearly as many feints, fibs and switcheroos

to put together this script. Mr. Moore wants the audience to appreciate his labor. Leonard’s philosophies on how to build a blazer seem to double as screenwriting tips. “You cannot make something good until you know who you’re making it for,” Leonard says. Later, he insists, “This isn’t art, it’s craft.”

“The Outfit” is almost comically insistent that it be rewarded for its cleverness. It has the showy insecurity of a pulp magazine author who aspires to be Chekhov. During the film’s one eye-catching montage, the editing cuts again and again to shots of scissors as though it simply must demand applause.

The story’s pleasures are more literary than cinematic. On screen, it’s more obvious that Mr. Moore’s ideas don’t quite line up. The supporting cast of crooks and

dames—all terrific in their own way—play their parts large, like a Dick Tracy comic. The sassy Ms. Deutch and menacing Mr. Flynn have the showiest scenes, though Mr. O’Brien’s dopey, oddly vulnerable brute leaves the biggest impression. Yet, Mr. Rylance’s Leonard remains frustratingly mealy-mouthed and opaque long past the point where we’re aware of the gears clacking inside his bowed head. His insularity goes from defensive tactic to offensively aggravating, making the final twist feel as ludicrous as cufflinks on a sweatshirt. By the end, we’re forced to abandon making any sense of Leonard as a character. He’s simply a fabrication.

Ms. Nicholson is a film critic in Los Angeles and host of the podcast “Unspooled.” Joe Morgenstern is on vacation.



Jared Leto as Adam Neumann and Anne Hathaway as Rebekah Neumann in ‘WeCrashed’

TELEVISION REVIEW | DOROTHY RABINOWITZ

Why WeWork Didn’t Work Out

THIS FACT-BASED saga leaves no doubt about the reasons companies fail. Co-founder Adam Neumann (Jared Leto) of the startup WeWork saw that enterprise, a pioneer in the coworking business, achieve a mighty valuation of \$47 billion in 2019 and thereafter proceed to a calamitous decline, the causes for which “WeCrashed” (begins Friday, with three of its eight episodes, on Apple TV+) regularly suggests—incapacity, poor judgment and excess of every sort prime among them. But all isn’t loss and struggle in this tale—based on the podcast of the same name—borne up by its unfailing energy and, above all, the distinguished performances of Mr. Leto and Anne Hathaway, in the role of Rebekah, Adam’s wife and business partner. Both inhabit their characters so persuasively, relate to one another—and the world—so credibly that it becomes impossible not to feel the depth of their connection.

That’s no small power in a

story filled with posturing and role playing—what else are the pumped-up celebrations of Mondays and related cheerleading exercises on the part of obedient employees we meet everywhere in this series?

‘WeCrashed,’ based on a podcast, tells the tumultuous story of the company.

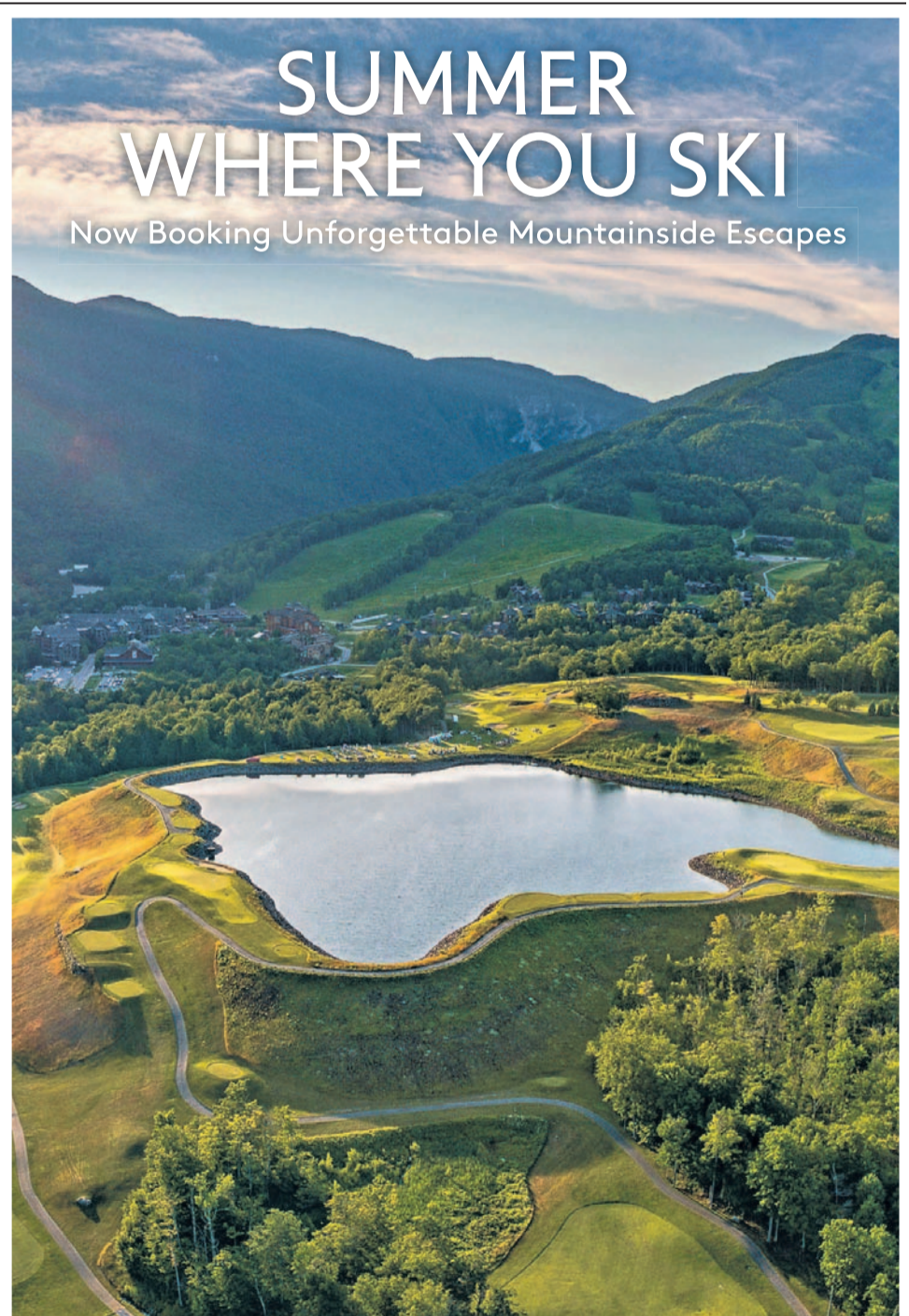
Adam, who describes himself as a serial entrepreneur, had at the beginning of his career tried the tender knees of babies—and there was also the shoe whose stiletto heel could be folded up for comfort, which found no takers either. He has, nonetheless, one asset recognizable to anyone he talks to: namely, a bottomless reserve of pride and a belief in the possibilities

for good, for improvement, that he can bring to the world. When seeking investors—he lectures to college students among other audiences—he hears a jibe about the possibility of investing in his confidence. And this is the state of his life and career when he first meets Rebekah, who is—not surprisingly—unimpressed by him and not disposed to conceal the fact.

Merciless in her appraisal—this is the first hint of the compelling character Ms. Hathaway is about to deliver—she informs him that everything he tells her is a lie. He next shows up at a supermarket in her neighborhood, far from where he lives, pretending to be food shopping. She points out, with no little scorn, that he’s doing his shopping 70 blocks away from his home. It doesn’t help that his food purchase is a single banana. None of this will stand in the way of Adam’s effort to win Rebekah. Nor should it be thought that the writers of this sharp script entirely overlook the delusions cherished by these two central characters.

Altogether a compelling tale whose drama grows ever greater, not least in the final chapters packed with tension.

WeCrashed
Begins Friday, Apple TV+



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SPORTS

Transgender Swimmer May Not Repeat

Lia Thomas has drawn attention—but rules have become stricter in response to her success

BY LOUISE RADNOFSKY
AND LAINE HIGGINS

Penn swimmer Lia Thomas's decision to keep swimming as a transgender woman has spawned a thousand think-pieces, new rules and threats of legal challenges over her presence. And the waves she makes are only going to get bigger when she dives into the pool this week at the NCAA championships.

On Thursday, Thomas won the 500-yard freestyle in a time of 4:33.24, a little more than a second ahead of a field that included three Olympic silver medalists. She also could record podium finishes in the 200-yard freestyle on Friday and the 100 free on Saturday.

In the eyes of many, her success in the pool has made her the embodiment of how transgender athletes could transform sports and its record books in the future—for better or worse, depending on your point of view.

The reality, however, is that Thomas is more likely an extreme outlier rather than harbinger of a new reality. Few, if any, female transgender swimmers are likely to follow in her wake.

That's because Thomas's success is the product of an extraordinary combination of circumstances—including a pandemic—that are unlikely to repeat. Rule changes implemented in response to her will make it much more difficult for future Lia Thomases to even compete, much less dominate.

Thomas was already fast when competing in male competitions. The Ivy League's singular decision to cancel the 2020-21 season, while the rest of Division I swam on, created a rare opportunity to sit out and continue a gender transition out of the spotlight.

Without such factors recurring for other swimmers, the results of Lia Thomas may forever just be the results of Lia Thomas.

Her presence has exposed an ugly rift, and something of a generational divide, among women's sports advocates.

Some activists—typically on the older end of the spectrum—argue that her success is proof that male puberty creates an unfair advantage that cannot be tolerated in women's competition categories. Others herald Thomas as an inspirational example of transgender excellence and barriers broken.

There is data to show that men typically have physiological traits that could provide an advantage in swimming, including larger lung capacity, leaner body mass and hearts that circulate oxygen more efficiently, said Dr. Catalina Casaru, an associate professor of exercise science at the University of West Alabama who competed in swimming for Romania.



Lia Thomas's success is the product of an extraordinary combination of circumstances—including a pandemic.

junior the following winter, her times indeed slowing as her hormones rebalanced.

Then came the pandemic, which abruptly ended the 2019-20 season, and created a rare opportunity for Thomas to quietly complete her transition and fulfill the NCAA's requirement that transgender female athletes undergo hormone replacement therapy for at least 12 months before appearing on a women's team at a more relaxed pace.

Sensing that the conference would scrap the swim season in 2020-21 as it did with spring sports, Thomas took the year off. It paved the way for her to compete for Penn in the 2021-22 season as a college senior, and for the women's team.

Thomas's recognition relatively early in college that she wanted to transition, and the fact that she commenced hormone therapy during the summer, enabled her to navigate the window enabled by the NCAA rules in effect at the time where others may not have.

That is not all that is unusual about her situation, though. The other quirk is that she happens to be very, very fast for a collegiate swimmer—when compared with the men she used to compete against. Thomas posted the 32nd fastest 1,650-yard freestyle time in the nation for men during her sophomore season in 2018-19. In

There is not, however, rich evidence on the extent to which hormones can reverse those advantages, or the length of time over which that might occur. "We don't know how much those change or how long those take to change," Casaru said. And after Thomas, that data set may never come.

Thomas has attracted an onslaught of attention, much of it negative, that could deter others from doing what she has done. Private security has been deployed at her events and training sessions. Her team has been visibly divided.

She has also faced a slew of new rules that haven't prevented her from competing, but may well block similarly situated athletes in the future.

At the core of Lia Thomas's situation is that she is a swimmer. She swam as a child, she swam as a teenager, and she swam for the University of Pennsylvania men's team as a freshman and sophomore in 2017-18 and 2018-19 while experiencing increasing gender dysphoria, a sense that her designation as male didn't match her female identity.

Thomas came out as transgender in the summer of 2019 and began hormone therapy shortly thereafter. She has said that she knew it could prevent her from continuing to swim competitively if the hormonal shift made her times drop off, but chose to prioritize it anyway. She competed sparingly for the Penn men's team as a



The Team That Hopes Defense Doesn't Win NCAA Championships

BY LAINE HIGGINS

PURDUE'S MEN'S BASKETBALL team has historically been defensively strong, spawning numerous Big Ten Defensive Player of the Year winners in the past two decades. Yet this year, the Boilermakers are hoping that one of the most reliable clichés in sports—"defense wins championships"—will be proven wrong in the NCAA tournament.

The reason is that Purdue may be the most uneven squad in the 68-team bracket. Their offense is the third most efficient in the nation, averaging 1.21 points per possession, according to basketball statistician Ken Pomeroy. Purdue has a scoring machine in guard Jaden Ivey, likely bound to be a lottery pick in the 2022 NBA draft, in addition to a pair of sharpshooting big men in Zach Edey and Trevion Williams.

And then there is Purdue's defense, which is as woeful as its scoring is fiery. The team allows opponents a point every time they touch the ball, worse than 98 other teams in Division I. Remarkably, that's after some improvement—the Boilermakers ranked 126th in Pomeroy's defensive efficiency ratings in February before climbing to their current perch at No. 99.

This ineptitude hasn't been fatal for the Boilermakers because their offense has been able to compensate for the defensive shortfall. Late in the season, the team was able to

make some key stops late in games, something coach Matt Painter hopes his team can replicate in the tournament environment.

What's so befuddling is that it wasn't always this way. For starters, Painter is regarded as one of the best defensive-minded coaches in college basketball. In February, Painter said his current team's defense was driving him "certifiably crazy."

A Purdue player has won Big Ten Defensive Player of the Year five times during Painter's tenure. Chris Kramer, who played from 2006 to 2010, even won twice. Players like him see how the Boilermakers' defensive woes could undercut what has otherwise been one of its best seasons in years.

"The team that can beat Purdue, in my opinion, is Purdue," said Kramer, now a professional player in Spain.

The urgency that the Boilermakers play with when scoring doesn't translate when they're on the other end of the court, added Kramer. It leads to opponents scoring lots of points on Purdue in transition.

Even when Purdue has a chance to set its defense, things tend to break down when opponents run screens to kick the ball out to the perimeter or roll around for an easy layup. Edey and Williams loom big, but they're not as fast as the guards driving past them to the basket. Purdue, which plays man-to-man defense, is also not great at rotating



Michigan State's A.J. Hoggard puts up a shot against Purdue's Zach Edey.

assignments when a double team appears.

Rapheal Davis, one of Painter's award-winning defenders who played from 2012 to 2016, said that he's noticed that Purdue's defenders "sometimes get lost watching the ball."

The Boilermakers field a big lineup with Edey and Williams. Both are nightmares in the paint on offense, but they're not blocking centers on the other end of the court. They're better at using their size to "alter shots more than they block them," said Davis, compared with the excellent rim-defenders Painter has relied upon in previous seasons.

Compounding matters, forcing turnovers and getting steals isn't central to this Purdue team's scheme. Rather, they have a tendency to commit sloppy turnovers and get forced into playing transi-

tion defense. It was a problem in the Big Ten tournament championship game, where the Boilermakers lost to Iowa 75-66 after committing 17 turnovers to the Hawkeyes' six.

"They don't necessarily have the guys to sprint back in transition when they have those two big horses in the middle," Davis said.

Painter is a coach whose strengths lie in coaching defense and has fielded one of the stingiest units in the Big Ten during his 17 seasons in West Lafayette, Ind. That's why, even with the incremental late-season improvements, the team's moribund defense is pushing Painter to his wit's end.

In the previous six seasons, Purdue never finished ranked lower than 34th in defensive efficiency, according to historical data from Pomeroy. Across Painter's tenure, the Boilermakers' defense has an average ranking of 45th out of 358

the 1,000-yard freestyle, she was ranked 18th.

That is what has raised the possibility that she could challenge NCAA women's records and dominate women's competition. Had she been merely average while competing in men's events, the fight about her participation might not have been laden with the additional controversy over her rewriting record books and dominating competitions she enters.

The most resounding reason there will be no swimmers compared with Lia Thomas for the foreseeable future, though, is the sweeping rules created this winter with Lia Thomas in mind.

The NCAA in January said it would shift its rules on transgender participation to adhere to rules set by each sport's governing bodies—USA Swimming, in this case.

Soon after, USA Swimming announced a sweeping set of new requirements, in which transgender swimmers seeking to compete in women's events would be assessed by a panel considering "evidence that the prior physical development of the athlete as a male, as mitigated by any medical intervention, does not give the athlete a competitive advantage over the athlete's cisgender female competitors."

USA Swimming said the panel would also base its decision on evidence that the concentration of testosterone in an athlete's serum falls below the threshold considered to be naturally occurring for women continuously for a period of at least 36 months.

That effectively triples the time required for any transition, making it almost impossible for a swimmer to begin hormone therapy after arriving at college and still compete there again. It also makes it unlikely that high school swimmers could be transitioning without a major impact to their recruitment.

The rules haven't affected Thomas, to date. The NCAA quickly decided that it would hold back on applying them ahead of the championships, by then only weeks away, citing "unfair and potentially detrimental impacts on schools and student-athletes intending to compete in 2022 NCAA women's swimming championships."

The NCAA has said it would review the USA Swimming proposals for future years, though.

Thomas will compete at the NCAA championships because she has met the current testosterone standard in place for NCAA swimming events, which is based on the International Olympic Committee's and is a higher threshold for testosterone than USA Swimming's. And then she may be the last transgender woman to do so there for a long time.

teams.

"When he started, we were very defensive oriented, we were going to keep you under 60 points, grind it out, we were going to win a lot of games like that," Kramer said.

What changed wasn't Painter's style of coaching, but the kinds of players he recruited. To keep up with the offensive revolution in basketball—both at the college level and beyond—he needed to bring in players capable of scoring at will. The problem was that not all of them are two-way players.

"When you have those dynamic offensive lineups you definitely lose a little bit defensively," Kramer said.

Only twice during the Painter era before this year had Purdue's defense been lower than 100th. One of those dismal seasons was the 2012 campaign, when the team lost in the round of 32. The other was Painter's first season with Purdue, when the team won nine games and missed the tournament.

If this year's Purdue team wins two or more games in the tournament, it would be historic for the program. It could also set a new precedent for futility in college basketball, where no team has made the Final Four in the past decade with a defense ranked worse than 70th in the nation. All but two title-winning teams in the past decade finished the season ranked in the top 10 in defensive efficiency; none have been more inefficient than Baylor, which entered the 2021 tournament ranked 35th but finished 22nd, according to Pomeroy.

Before Painter's team can start dreaming about New Orleans, however, it must get past No. 14 Yale on Friday. It's the rare first-round tip that pits two equally matched defenses against each other: the Bulldogs are ranked just four spots behind Purdue in defensive efficiency at 103rd.

OPINION

Biden Is in Climate Denial



POTOMAC WATCH
By Kimberley A. Strassel

Biden to recognize that the Ukraine war has reset energy politics and that his climate agenda risks dooming his party this fall.

He certainly hasn't sussed it out yet. The Joe Biden who showed up Monday at his first in-person fundraiser as president sounded like a man in a time warp. "Let me begin by saying: [Climate change] is the existential threat to humanity," he opened, proceeding to recite an environmental agenda identical to the one he campaigned on. Ukraine got one mention, and only then as further reason why Americans (among other things) need to "weatherize homes and businesses."

His administration is similarly proceeding as if Vladimir Putin weren't exploiting his energy dominance to kill Ukrainians. The Federal Energy Regulatory Commission recently announced a new pipeline review policy that will stop most projects. The White House continues its near-moratorium on new leases to drill on federal land and its block of Alaskan drilling. The president announced he'll attempt to impose his Green New Deal via executive order. The House

Progressive Caucus this week offered ideas, calling on him to "declare a national climate emergency," and use it to ban "fossil fuel leases," and force companies to build renewables under the Defense Production Act.

Across the pond, things look exactly opposite. The Europeans have embraced the climate religion with a fervor to rival Bernie Sanders. Yet Mr. Putin's shocking violence in Ukraine—his willingness to wield energy as a weapon—sobered the Continent overnight. No one is giving up on renewables, but nobody is any longer pretending they are the basis of energy reliability or security. Fossil fuels will remain for decades a currency of global power, and Russia's invasion highlights the stupidity of being broke.

Germany's government is stockpiling coal and expediting terminals for liquefied natural gas. Europe is working to get more gas through pipelines from Norway and Azerbaijan. Poland plans new nuclear plants. The U.K. may restart onshore fracking and ramp up North Sea drilling. Norway plans to expand Arctic exploration.

Sen. Manchin gets the shift, and this week he deep-sixed Mr. Biden's nominee to the Federal Reserve, the anti-fossil-fuel Sarah Bloom Raskin, saying that at this "historic moment" the U.S. needs policy leaders focused on the most pressing issues—"specifically rising inflation and energy costs." Republicans are flooding the zone with ideas to ac-

celerate fossil-fuel production, and even the pro-Biden media is beginning to fret about the president's failure to see what's happening.

While European leaders and Republicans are moving to address substantive geopolitical shifts, they also understand the politics. Gasoline and heating prices have been fleecing consumer wallets

Even the European left understands what the Ukraine invasion means for fossil fuels.

since Mr. Biden took office. He can try to lay off the more recent rise on "Putin's price hike," but polls consistently show voters blame high energy prices and inflation on the administration.

The inconvenient truth is that Mr. Biden's climate agenda—no matter how much the liberal press wants to differ—has never been popular. It's a concoction of the party's progressive left and radical activist groups. A recent survey from Democratic pollster Impact Research of likely voters in North Carolina, Pennsylvania and Arizona (three states with Senate races this year) found that 78% had a favorable view of natural gas, and only 22% want an energy policy that looks like the Green New Deal.

And voters aren't buying Mr. Biden's argument that the response to Russia should be

to double down on his climate visions. In a HarrisX poll this week, nearly 70% of voters said "yes" to the question of whether, in light of Russia's attack, the administration should "ease its focus on climate change and allow more oil and natural gas exploration." They want energy and economic security, not electric-car charging stations.

The other risk to Democrats sticking their heads in the non-tar sands is that they make the situation worse substantively as well as politically. Desperate to remain on climate autopilot, Mr. Biden and other Democrats are now trying to blame higher prices on Big Oil and Big Gas and debating a windfall profits tax—a move that would depress production and further raise prices. Democratic governors are clamoring for a federal gasoline-tax holiday, but it's a gimmick that would only temporarily mask true prices, and may not count for much in any event.

Which gets to the heart of the problem. Democrats want to make the problem go away without addressing its roots. Russia's invasion has forced energy security to the center of the political debate, where it is likely to stay through the midterms. Voters will cast ballots for candidates who prove they understand the problem and have a plan for fixing it. Democrats who continue to wallow in platitudes about an "existential" climate crisis may find themselves out of jobs.

Write to kim@wsj.com.

Tyrants Can't Tolerate Truth

HOUSES OF WORSHIP
By George Weigel

pose the entire Bible were destroyed. What one sentence or phrase would you want preserved for humanity's future? He didn't hesitate: "... the truth will make you free" (John 8:32).

The same conviction about the liberating power of seeing things as they are—and describing them honestly—inspired Václav Havel and other human-rights activists to promote "living in the truth" as a powerful antidote to the communist culture of lies during the Cold War. It also animated the myriad samizdat publications produced at great risk in the old Soviet Union. One of the most extraordinary of those underground publishing efforts was the Chronicle of the Catholic Church in Lithuania, whose first issue was published 50 years ago, on March 19, 1972.

The Soviet Union's absorption of Lithuania in 1944 was followed by the usual Soviet program of repressing a subjugated people's national identity. In Lithuania, this included severe strictures against the Catholic Church. Parishes and monasteries were closed. Bishops, priests and religious sisters were shipped to the gulag or executed. A brief but short-lived "thaw" after Stalin's death in 1953 was followed in the early 1960s by draconian anti-Catholic measures. Priests could not catechize children, bring

the sacraments to the sick, or do pastoral work outside the local churchyard. Pilgrimage sites were destroyed, and atheistic propaganda was a staple of the state school curriculum.

Courageous clergy and laity organized resistance to this oppression. Taking a cue from the Chronicle of Current Events, a Moscow-based samizdat journal, and operating out of his room in a rural rectory, Father Sigitas Tamkevičius worked with a clandestine editorial team to create the Chronicle of the Catholic Church in Lithuania, 81 issues of which were published over 17 years—the longest unbroken record of samizdat publishing in Soviet history. (In 1983, Father Tamkevičius was sentenced to 10 years in the Gulag for "anti-Soviet propaganda"; at 81, he was named a cardinal by Pope Francis in 2019.)

The Chronicle did not aim to entertain but to describe in detail the harassment and persecution to which individual Catholics and Catholic institutions were subjected in Lithuania. Appeals to the Soviet authorities were a staple: requests to end interference in seminaries, demands that the security services cease their efforts to recruit future priests as informants, and petitions urging that the country's bishops be allowed to return to their Lithuanian dioceses.

After Father Tamkevičius and others, inspired by the 1978 election of John Paul II, founded the Lithuanian Committee for the Defense of Be-

lievers' Rights, the Chronicle regularly published the committee's documents, which included appeals for relief from Soviet repression addressed to the United Nations, to heads of state and government, and to religious leaders. The Chronicle also served as a safe-deposit box of Lithuanian Catholicism's memory, documenting the repressions of the 1950s and 1960s, publishing lists of murdered clergy, and maintaining a record of which Catholic dissidents had been arrested for what, tracking their sentences and places of imprisonment or exile.

The Chronicle of the Catholic Church in Lithuania was first published 50 years ago.

The Chronicle's publication and distribution processes were a closely-held secret the KGB was never able to crack. Handwritten information gathered by Chronicle editors was transcribed on manual typewriters, copies being made with carbon paper. Typewriter keyboards and keys were altered to frustrate secret police detection. A clandestine print shop in Kaunas operated by the dissident Petras Plumpa made at most a few hundred copies at a time.

Circulated by hand within Lithuania, the Chronicle also was sent abroad. At first, copies were given to Moscow dissidents, who passed them to sympathetic Western jour-

nalists. Later, microfilm copies of Chronicle issues were hidden in toothpaste tubes or candy wrappers and given to Western tourists. Lithuanian Catholic Religious Aid, a Brooklyn-based agency, mass-duplicated issues of the Chronicle and got them to Radio Liberty, Radio Free Europe, Vatican Radio and other Western "surrogate" radio stations that broadcast real news into the Soviet Union. Seventy Lithuanian-émigré groups outside the U.S.S.R. helped financially support the international distribution of the Chronicle.

For 17 years, the KGB did everything in its power to stop the Chronicle. Mr. Plumpa was given a show trial in December 1974 and sentenced to eight years in a labor camp, as was an underground nun involved in publishing the Chronicle, Sister Nijolė Sadūnaitė, along with many others. But the colleagues of future Russian dictator Vladimir Putin, who joined the KGB in 1975, never succeeded in breaking the Chronicle or its people.

Tyrants cannot tolerate the truth. That is why Mr. Putin's Russia floods the global information space with lies about his invasion of Ukraine. And that makes the 50th anniversary of the Chronicle of the Catholic Church in Lithuania an apt time to reflect on the liberating power of truth-telling, whatever the cost.

Mr. Weigel is a distinguished senior fellow at Washington's Ethics and Public Policy Center.

Lifelong Friendships Began at the Malt Shop

By Angela Rocco DeCarlo

It was the quintessential teen malt shop of the 1950s, with soda fountain, green wooden booths, wall-hung mini jukeboxes and wall-to-wall teens. We called it Tom's because that was the man's name. We never noticed the neon sign in the window that said "Town Candy Shop." I never knew anyone who bought the store-made chocolates. It was where we went for a dime Coke and to see and be seen.

Grey-haired Tom presided over the place in a silent, benevolent manner. It was up to his son, John—smiling, rotund John—to keep order: "No standing in the aisles." "Sit or go!" "No dancing, you might step on the cat."

For more than 30 years Tom's was the clubhouse to the Italians from the Chicago neighborhood known as "The

Island," the Irish from Oak Park, the Czechs from Cicero and the Dutch from Berwyn. It was the Woodstock of the '50s for the teens who lived around 12th Street and Austin Boulevard, the juncture of Chicago and those three suburbs. There were never any confrontations or hassling of the girls. Known older brothers instilled decorum in the ragtag boys.

The local boys are all gone, but the girls still keep in touch.

We didn't know we were already an anachronism—walkers in an age of wheels. The car lines on North Avenue on Saturday night stretched endlessly to get into Skip's Drive-In. We were content with Tom's and our

gang of neighborhood boys, the last of whom died last month.

Six girls lived on Monitor Avenue, and we formed a club. We wanted to call ourselves the Amboy Dukettes after the boys in "City Across the River" (1949), the racy movie that introduced gorgeous Tony Curtis. Our mothers wouldn't hear of it. So we became "The Six Steps" as we came in graduated heights. We bought matching black wool jackets and wore them everywhere, even to my grandmother's wake. (One of my three sons later wore mine at his baseball games.)

Then we heard Tom died and John married and moved out West—whether that meant a Chicago suburb or California we never knew.

Eventually the Six Steps got wheels and moved to the suburbs, where we adopted new personas as wives, moth-

ers, PTA workers and career women but still managed to meet, as a club, once a month for fun. We promised not to age beyond 15. We couldn't manage that, so we settled for 19. Yet one of us celebrating a big birthday insisted she was 13 and even received cards with that lucky number.

At this stage in life, it seems that those of us—like the Six Steps—who keep lifelong friends have won the lottery of life. We have friends who knew us when we were 13, and to them we will never really be old. It is a source of joy and comfort. One of the Six Steps died two years ago, but some of her fellow club members attended her great-grandson's first birthday party. That's what friends do.

Ms. DeCarlo is a former Chicago journalist now living in Southern California.

BOOKSHELF | By Edward Kosner

Dispatches From the Front

Last Call at the Hotel Imperial

By Deborah Cohen
(Random House, 557 pages, \$30)

As they follow Vladimir Putin's invasion of Ukraine, Americans are getting an inkling of what it felt like eight decades ago when fascist dictators were on the brink of plunging Europe into war. Today the war news is available around the clock on TV screens, in print, and on the internet. Back then the best source of news was an intrepid band of young American newspaper correspondents whose exclusive dispatches brought home word of the coming cataclysm.

Their bylines are all but forgotten today, yet their journalism helped shape our understanding of the dangerous new world America was destined to lead. They brought a new psychological dimension to their profiles of world leaders and their



interpretations of global events. And they were a frisky bunch—heavy drinkers, as adventurous sexually as they were in pursuing scoops.

Now four of them—John Gunther, Dorothy Thompson, Vincent Sheean and H.R. Knickerbocker—have been brought back to life by Deborah Cohen in "Last Call at the Hotel Imperial: The Reporters Who Took On a World at War." These journalists have been chronicled before, but Ms. Cohen, a history professor at Northwestern University, takes their story to a

new level with prodigious research and sparkling prose. The book is a model of its kind.

The author follows her subjects not only to the world's flash points but also into their bedrooms and onto their psychoanalysts' couches, documenting their news-chasing heroism and romantic treachery. They emerge as paragons of journalistic nerve whose flaws energized their accomplishments. "In the interwar years," Ms. Cohen writes, "American foreign correspondents became the kings of the hill. Shouting questions in ministerial briefing rooms, bragging in bars"—among them, Vienna's Hotel Imperial—"they comprised the largest contingent of foreign reporters in most world capitals." These reporters were everywhere through the fraught 1930s: in the Soviet Union as Stalin starved the Ukrainian kulaks; in Germany for Hitler's beer-hall putsch, the Night of the Long Knives and Kristallnacht; in Spain for Franco's bombing of Guernica; in Ethiopia for Mussolini's invasion.

Gunther and Thompson are Ms. Cohen's headliners. Chicago-born and polished at the University of Chicago, Gunther was the celebrity journalist of his time. He was a compulsive reporter and inexhaustible writer whose best-sellers include "Inside Europe"—he did "more than any other reporter," we're told, "to raise the alarm about the European crisis." He churned out his books while in a soap-opera marriage with Frances Fineman, a brilliant left-wing woman who gave him many of his insights while seething at her subordinate role, both proud and jealous of his success. Away from the typewriter, Gunther was no angel. He had an affair with the wife of his friend H.R. Knickerbocker; in New York, he hung out at the Stork Club with a society gal named Bubbles and was a popular client at Polly Adler's swank bordello.

Thompson, the daughter of an upstate New York clergyman, became the most famous woman journalist of the era, "the center of every circle of reporters" and the inspiration for the play and movie "Woman of the Year." In her mid-20s, with no experience, she had shipped out to Europe to become a foreign correspondent. An early interview with Hitler was one of her first coups—and a source of eternal embarrassment. She dismissed the Führer as "startlingly insignificant." Joseph Goebbels pronounced her "a nitwit," and she became "the first American correspondent to be expelled from Nazi Germany"—which only enhanced her celebrity.

Four young foreign correspondents helped shape our understanding of the dangerous new world America was destined to lead.

At the peak of her career, Thompson alternated with the master Walter Lippmann as a political columnist at the New York Herald Tribune, had a weekly NBC radio commentary and wrote a monthly piece for Ladies' Home Journal. A confidante of President Franklin Roosevelt, she wrote at least one of his fireside chats. For most of this time she was married to Sinclair Lewis, the Nobel Prize-winning author of "Main Street" and "It Can't Happen Here"—a nasty drunk from whose antics she fled into a lesbian love affair.

Sheean was another courageous, conflicted soul. A farm boy from Illinois, he was a year ahead of Gunther at the University of Chicago. One of his first reporting jobs was at the New York Daily News, where the editors believed he could be "an asset in courting the confessions of murderesses and philandering wives." Sheean eventually parlayed that start into a long career abroad and an early bestseller, "Personal History," which turned "his experiences reporting from revolutionary China and Soviet Russia into a call for young people in the West to embrace the world's struggles." A lifelong alcoholic and homosexual, he married a 20-year-old woman when he was 35 and had a child and soon after a nervous breakdown. When sober, Sheean was a fearless crackerjack reporter. Sympathetic to the Soviets, he was shocked by the Hitler-Stalin Pact. But he could be present, too—he was among the first to warn the world of the Holocaust.

Knickerbocker, a Texas boy, seemed to have fewer demons than Gunther or Sheean. "He was always rushing," Ms. Cohen writes, "to the places other people were fleeing." He won a Pulitzer in 1931 for his reporting on Stalin's depredations in Russia. He interviewed Mussolini at the Palazzo Venezia in Rome, describing how he had to walk 80 feet from the door to reach Il Duce at his desk. He was an eyewitness to all the nightmarish incidents leading to Hitler's takeover in Berlin and predicted the Hitler-Stalin Pact ahead of the pack.

Imagine picking up your newspaper to read John Gunther's dispatch from Ukraine, or flicking on CNN to hear Dorothy Thompson talk about her latest interview with Vladimir Putin, and you'll get a sense of the news as history.

Mr. Kosner was the editor of Newsweek, New York, Esquire and the New York Daily News.

Coming in BOOKS this weekend

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OPINION

REVIEW & OUTLOOK

Xi Jinping's Great-Power Play

Beijing for many years played down whatever ambitions China harbors to become a great power, and the past three weeks have shown why. President Xi Jinping, in one of his boldest strategic moves, cast his lot with Russian President Vladimir Putin before Russia's invasion of Ukraine. Mr. Xi now finds himself embroiled in a global uproar that will be neither easy nor cheap for China. It deserves the global scorn it is receiving.

Messrs. Xi and Putin in early February declared their friendship has "no limits," and Mr. Xi is honoring that pledge. While Beijing makes half-hearted bows toward neutrality in the war, Mr. Xi has exerted no pressure on Mr. Putin to stop it. China's propaganda on Ukraine has a decided pro-Russia, anti-American tone. Beijing is resisting sanctions on Russia (as much as its banks can without jeopardizing their access to dollars). It may yet supply arms to Russia to support the war.

Mr. Xi must view the West's closure to Russia as a boon for China, which stands ready to buy as much energy and other resources as Mr. Putin is willing to sell. It's a bonus that China might be able to pay for them with Chinese yuan, which Beijing has long wanted to make a global trade currency.

Above all, this conflict gives Beijing a new opportunity to put itself forward as the leader of a global faction hostile to democracy, economic freedom and U.S. leadership. China's economic heft now gives it the means to try this gambit, and Mr. Xi's desire to block any breeze of freedom within his own country is motive enough.

Beijing may also calculate it can "win" in Ukraine no matter what happens. If Mr. Putin conquers the country, Mr. Xi will have picked the winning horse. If the invasion fails, the West and America's Asian allies may still be demoralized by a partition of Ukraine—and Russia will be a reliable supplier of natural resources to China for as long as Western sanctions persist.

Yet the nature of Great Power politics is that none of this will be cost-free for Beijing. By picking a side China by definition antagonizes those on the other side—including its own neighbors and economic partners.

Within days of Mr. Putin's invasion, Japan renewed a debate about nuclear sharing with

the U.S., South Korea elected a more pro-American president, and several traditionally neutral Asian countries joined Western sanctions on Russia in a signal to Beijing. Germany, long among China's closest friends in Europe, is reconsidering its economic relationship. Mr. Xi's alliance with Mr. Putin will also harden attitudes toward China in the

United States.

China's new friends could also prove to be a headache. The U.S. discovered after World War II that the price of global leadership is substantial economic support for followers. If Beijing's plan is to adopt Russia as some sort of client state, is it really ready to take responsibility for an impoverished and badly governed economy of Russia's scale?

Nor will Mr. Xi's great-power play be an obvious boost to the domestic political stability he craves. Every other great power has discovered that such a prominent global role comes with incessant internal debates about how to wield such power. Such a debate may be simmering under the surface now.

The pot boiled up briefly last week in an unusual public essay in which prominent think-tank scholar Hu Wei warned that Mr. Xi's Russia policy may backfire by encouraging other countries to ally against China. Beijing now appears to have censored that essay, but the questions it raised are sure to linger in a year when Mr. Xi is set on securing another five-year term as the country's leader.

* * *

President Biden and Mr. Xi are scheduled to speak by phone on Friday, and U.S. national security adviser Jake Sullivan met with Chinese officials in Rome this week with Ukraine on the agenda. Little has leaked about what happened in that confab, other than that Mr. Sullivan issued a warning not to assist Russia.

That's the right message, but China has already assisted Russia—and betrayed Western Europe. Its acquiescence in Mr. Putin's invasion has shown that it puts the desires of a marauding dictator above its trading and diplomatic relations with the West. China has picked the wrong horse, and it has shown again, as in Hong Kong, that it can't be trusted.

The West should respond accordingly as it seeks to defend Taiwan and the free world's interests from the Communist Party.

Beijing is standing by Putin, and the costs of doing so will mount.

The Massacre in Mariupol

As Ukrainians search the rubble for the dead in a theater that had sheltered children in the besieged city of Mariupol, U.S. officials have begun to call Vladimir Putin a "war criminal." If they mean it, the label carries serious implications for when or even whether the U.S. can lift sanctions on Russia.

President Biden called Mr. Putin a war criminal on Wednesday, and Secretary of State Antony Blinken elaborated Thursday. "Personally, I agree [with the President]. Intentionally targeting civilians is a war crime," Mr. Blinken said at the State Department. "After all the destruction of the past three weeks, I find it difficult to conclude that the Russians are doing otherwise."

Exhibit A would be the attack a week ago on a maternity hospital in Mariupol that Russia confirmed was targeted. Exhibit B would be the theater where hundreds of civilians had taken shelter. "The word children had been written

in Russian in giant white letters on the pavement outside the building so that you could know from the air that there were children inside," Mr. Blinken said.

The Russian justification is that these buildings are sheltering Ukrainian soldiers. But the real Russian purpose is to terrorize Ukrainians to build pressure on President Volodymyr Zelensky to agree to Mr. Putin's settlement terms. It's unlikely to succeed as a tactic, but it will make it harder for the U.S. and Europe to lift sanctions as part of a settlement.

If Mr. Putin is a war criminal, how can the world make concessions that allow him to rejoin world councils as if nothing happened? Jen Psaki, the White House press secretary, said Thursday the State Department is undertaking a separate legal inquiry into the war crimes issue. But with his relentless and deliberate bombing of civilians, Mr. Putin has crossed a line the world cannot forget.

Biden and Blinken raise the stakes by calling Putin a 'war criminal.'

Buying Votes With Gas Tax Rebates

State government coffers are swelling even as many Americans are feeling poorer amid surging inflation and gasoline prices. But instead of cutting taxes, some governors want to spend their surpluses buying political relief before the November election.

California Gov. Gavin Newsom last week said he planned to "put money back in the pockets of Californians to address rising gas prices" by sending checks to drivers—more details to come. The state's gasoline prices are averaging \$5.79 per gallon compared to \$4.29 nationwide. Californians can blame hefty taxes and climate mandates.

In 2010 Californians were paying a mere 25 to 30 cents a gallon more than the national average. Then Democrats established a low-carbon fuel standard and cap-and-trade program to reduce fossil-fuel consumption and finance electric cars. These add at least 46 cents a gallon to gas prices, according to the Western States Petroleum Association.

Democrats also raised the state excise gas tax by 12 cents a gallon in 2017 and indexed it for inflation, purportedly to repair roads and bridges. Much of the proceeds have gone instead to mass transit. Californians now pay upward of 70 cents a gallon in state and local gasoline and sales taxes versus about 20 cents in Texas and Arizona.

While projecting a \$46 billion surplus, Democrats in Sacramento have rejected a gas tax cut. They also refuse to relax climate regulations. "One thing we cannot do is repeat the mistakes of the past by embracing polluters," Mr. Newsom says. Gentry climate progressives favor high gas prices because they make electric cars more attractive.

But moderate Democratic legislators are feeling election-year pressure to ease rising prices for low- and middle-class voters. Enter Mr. Newsom's proposal for a "gas tax rebate." Unlike broad-based tax cuts, such direct payments let Democrats distribute money to select voter groups. Maybe electric vehicle owners will get a check.

Illinois Democratic Gov. J.B. Pritzker is also promising to "alleviate some pressure on Illinois' working families," after having doubled the state gas tax to 38 cents a gallon in 2019. His proposal: Suspend this year's inflation-adjusted gas tax increase (two cents a gallon) and send \$300 property tax credits to middle-income homeowners.

That's about as much as inflation is costing the average household in a single month, and it doesn't come close to offsetting higher property taxes from increasing housing values and pension payments. The Democratic strategy is to raise taxes and then redistribute a small cut of the revenues to buy votes.

Last year New York Democrats raised the state's top income-tax rate to 14.8% from 12.7%. Now armed with a \$5 billion surplus, Gov. Kathy Hochul wants to raise annual property tax rebates by a couple hundred dollars for homeowners outside of New York City who earn up to \$500,000. That won't cover half of this winter's increase in New Yorkers' heating bills.

States and localities have received \$900 billion in federal Covid relief. Soaring asset prices have lifted income and property tax revenue while inflation has pushed earners into higher tax brackets. While many governors are returning the money in tax cuts that benefit everyone, Democrats in high-tax states are sharing surpluses only with a politically favored few.

LETTERS TO THE EDITOR

We Hold Back While Ukraine Needs Our Help

I would frame President Biden's approach to Ukraine as zero risk ("The West Must Risk More for Ukraine Now" by Zalmay Khalilzad, op-ed, March 17). Unfortunately, this may enable Vladimir Putin to succeed in taking a calculated risk. I am reminded of what Gen. Ulysses Grant told his generals when he was handed command of the Army of the Potomac:

"I am heartily tired of hearing about what Lee is going to do. Some of you always seem to think he is suddenly going to turn a double somersault, and land in our rear and on both of our flanks at the same time. Go back to your command, and try to think what we are going to do ourselves, instead of what Lee is going to do."

GLEN ESNARD
Bozeman, Mont.

Your editorial "The Iran-Russia Nuclear Nexus" (March 7) begins with the premise that "the U.S. and Europe are trying to stop Russia's bloody conquest of Ukraine." But where is the evidence? If the Ukrainian people had been docile, I am confident few in Washington or Europe would have provided anything other than lip-service opposition to Russia's invasion.

Neither Mr. Putin nor Ayatollah Khamenei regard Western leaders as serious people. Iranian leaders probably laugh about their good fortune in negotiating partners. Russia and Iran

will follow Stalin's advice and push the bayonet forward till it hits steel.

GILBERT SANDGREN
Kenosha, Wis.

Regarding "The Obstacles to Transferring Those MIG-29s" (Letters, March 14): Capt. Eric Hansen's "can't do" attitude wasn't prevalent during my Air Force career. All the fliers and maintainers I know would've figured out a way to solve these issues and increase the Ukrainian air force's combat capability.

COL. JOHN LARNED, USAF (RET.)
Eagle, Idaho

In "Memo to NATO: Secure Lviv" (Wonder Land, March 10), Daniel Henninger invokes the example of the Berlin Airlift. It would be easy to conclude from his description that this remarkable operation reflected a consensus view at the time. On the contrary, the State Department and Pentagon adamantly opposed the airlift, fearing that it would provoke Stalin.

Only four people staunchly brought it to realization: U.S. occupation commander Gen. Lucius Clay, West Berlin Mayor Ernst Reuter, President Harry Truman and British Foreign Secretary Ernest Bevin. Sadly, one looks in vain for such farsighted and resolute leaders in Western capitals today.

JEFFERSON ADAMS
Bronxville, N.Y.

I Do Not Need 'Excitement' From My Church

Regarding Ron McCoy's "A Thriving Church Can Save a Faltering One" (Houses of Worship, March 11): My husband and I have been looking for a local church since moving to Houston in 2019. Covid took a toll on our search, but the live-streaming of services has helped us cull our choices. Through technology we've been able to visit two or three churches on a given Sunday. There's no paucity of choices, yet we're still homeless.

Why? Not because of the lack of "appeal, excitement and relevance" that Mr. McCoy believes is the solution to church-shrink. Churches have all that in abundance. In our experience, what they lack is substance.

There's a famine of the hearing of the Word. Preaching is moralistic (do

more and try harder, then you'll get to heaven) and more about the preacher's ability to tell a good joke and look "relevant" than challenge the heart in the pew. Music is loud and "exciting" and drowns out one's inner Spirit. "Appealing" programming is hawked like cheap souvenirs, yet the forging of significant relationships is hampered by an overwhelming mass of people.

"Appeal, excitement and relevance" don't build the church. In our disconnected, highly programmed and noisy lives, we need a quiet place to rest our souls, not another frenzied, exciting experience that diverts our attention from God.

PAM HADLEY
Humble, Texas

India Can't Rely on Russia's Help With China

In "The Russian Challenge to India-U.S. Ties" (East Is East, March 4), Sदानand Dhume writes that "in the popular Indian imagination the Soviet Union always had India's back." The truth, Mr. Dhume knows, is otherwise.

Although the Soviet Union did come to India's defense during the 1971 Indo-Pakistan war over Bangladesh (by evidently sending nuclear submarines into the Bay of Bengal after President Richard Nixon dispatched the U.S. Seventh Fleet to threaten India on Pakistan's behalf), Nikita Khrushchev flatly refused India's request to intervene during its brief and disastrous 1962 Himalayan conflict with China. The Soviets and Chinese were ideological allies at the time, and Khrushchev clearly did not want to antagonize Mao by helping India. That crucial lack of support and misplaced trust in the Soviet Union proved costly for India, which lost the war to China, suffering a blow to its self-confidence. The scars have yet to heal.

But guess who did come to India's

defense? The United States. At President John F. Kennedy's behest, the Pentagon sent rifles, small arms, blankets and coats for Indian soldiers, who were grossly under-equipped and inadequately trained in mountain warfare. When Pakistan protested, Kennedy made it clear that any support the U.S. extended to the Islamic republic was to counter China, not India.

It's a delicious irony that in anticipation of Chinese aggression, India is now backing the successor to the same Soviet Union that left it high and dry 60 years ago, and whose disgraced czar of a leader continues his bromance unabashedly with emperor Xi Jinping. If Delhi and Beijing should go to war in the coming months or years, it's amply clear which of the two sides Russia will support.

AJAY SINGH
Los Angeles

How to Put Off and Never Address America's Problems

Desmond Lachman writes that "the middle of a geopolitical crisis might not be the right moment for the Fed to start" to reduce its balance sheet (Letters, March 9). I respectfully disagree. This line of thinking has caused us to ignore so many other problems: ballooning deficits, unsustainable entitlements, hostile actions of our adversaries, etc.

The attitude is as follows: If times are good, why mess up a good thing? If times are difficult, well, now's not the time to deal with it.

The problems remain and eventually they must be faced. Better that we craft a somewhat unpleasant solution to our problems ourselves than have a far more unpleasant one imposed on us by others.

JAMES SPIRO
New Orleans

See Who Reverses the Anthem

Regarding Aaron Rhodes's op-ed "Ukraine War Brings Moral Clarity" (March 4): Online, I watched Ukrainian opera singers perform their national anthem. Not one took a knee.

MATT RERES
Lake Mary, Fla.

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Pepper ... And Salt

THE WALL STREET JOURNAL



"With religion and politics off the table, the only thing left to argue about is gluten."

OPINION

U.S. Shale Is The Key to a Renewable Future

By Christopher James

A proper price for oil and gas would allow investors to earn returns on their capital while also accounting for the effect carbon emissions have on the planet. The damage from fossil fuels is real, and suppliers and users alike should share in that cost.

Reliance on gas and oil for our energy needs is unsustainable, both environmentally and geopolitically. We need to align energy use and development of domestic fossil fuels, nuclear power and renewable energy with the broader societal goal of decarbonization. To get there, we need a practical framework for the oil-and-gas sector to approach an energy transition.

The Permian Basin can be the cleanest hydrocarbon source in the world.

The war in Ukraine is a reminder that the global energy system is fragile. Volatile prices are bad for the global economy and indicative of an industry transition that began in the early 2010s. Technological breakthroughs in hydraulic fracturing and horizontal drilling made it possible to extract vast quantities of previously inaccessible hydrocarbons from shale formations. Fracking introduced a new variable into the supply equation: highly flexible but steeply declining wells. Hydrocarbons could be produced quickly to meet short-term demand, but wells depleted rapidly. That gave companies an incentive to rush supply to market before their competitors. Some were slow to dial back spending, and hundreds of billions of dollars of capital were squandered on low returning projects.

The episode taught valuable lessons for the current crisis. The first and most immediate step is to prioritize North American oil production over imports from less desirable suppliers. Permian Basin shale oil can be brought online quickly to substitute for the absence of Russian oil on global markets. Alongside the obvious security and economic benefits to the West, the oil-and-gas industry has the opportunity to ensure the Permian is the cleanest hydrocarbon source in the world. To do this, producers should set aggressive emission-reduction targets and drive methane emissions as close to zero as possible with measuring and monitoring verified by third parties.

Further, shale oil and gas production represents arguably the most transition-aligned oil and gas production today. Because of the indeterminate demand for fossil fuels in the coming decades and beyond, it makes economic sense to encourage quick-turnaround, high-return oil-and-gas projects while actively discouraging long-duration, capital-intensive projects with uncertain futures. This is an opportunity for U.S. oil and gas companies to replenish their balance sheets while preparing their own unique strategies to drive value over the coming decade of transition.

The realization that dependence on oil threatens not only the environment but geopolitical stability should spur businesses and consumers to consider the full spectrum of energy sources without ideological bias.

The conflict and suffering in Ukraine shouldn't be prolonged because of reliance on Russian oil and gas. Our assets in the Permian and other parts of North America should be used now as we continue to move to cleaner and more efficient energy systems. The best path for the energy transition can be the best path for energy security. We don't want to find ourselves dependent on other countries' renewable expertise in the next decade.

Mr. James is founder and executive chairman of Engine No. 1, an investment firm that in 2021 backed the successful candidacies of three nominees to Exxon's board.

Putin's Failure Is Biden's Opportunity



GLOBAL VIEW
By Walter Russell Mead

Joe Biden, as I wrote earlier this week, has a genuine crisis on his hands. But thanks to Vladimir Putin's historic blunder in Ukraine, Mr. Biden has something else: a once-in-a-decade opportunity to score a historic victory that reshapes

the global playing field to America's advantage. To capitalize on Mr. Putin's blunder is the most important job Team Biden has.

This requires a psychological shift. Earlier in the crisis we heard of American and European diplomats offering Mr. Putin "off-ramps." Some still seek compromise solutions that would allow Mr. Putin to save face. The time for such thinking may come again, but for now the objective should be clear. Mr. Putin must pay—and be seen to pay—such a heavy price for his miscalculation that leaders around the world will think twice before taking on the U.S. and its global alliance system.

Carl von Clausewitz noted long ago that a key to success is to pursue a retreating enemy. When an enemy is in retreat, it is possible to inflict the greatest damage on his forces, disorganized and disheartened.

Mr. Putin's armies may not yet be retreating in Ukraine, but the failure of his initial campaign—and the atrocious methods to which he must now resort to salvage his military position—have put him on the political and psychological defensive. The U.S. must do everything possible to exploit this unexpected opportunity for a decisive victory against a dangerous opponent.

The past two weeks have changed the world. Mr. Putin's Russia turns out to be weaker, and Ukraine stronger, than many Westerners thought.



Russian President Vladimir Putin in Moscow, March 10.

And there is more. As Zbigniew Brzezinski put it, "It cannot be stressed enough that without Ukraine, Russia ceases to be an empire but with Ukraine suborned and then subordinated, Russia automatically becomes an empire." Given what we know about who Mr. Putin is and what he

Forget about 'off-ramps.' As Clausewitz observed, a key to success is to pursue a retreating enemy.

does, preventing him from building an empire on the doorstep of the European Union and the North Atlantic Treaty Organization must now be considered a major Western interest.

Making Mr. Putin pay for his war of aggression is not a distraction from America's focus on the Indo-Pacific. Xi Jinping has also miscalculated by putting his full prestige

behind the Russian alliance just as Mr. Putin stepped into the abyss. Thanks to that misstep, any setbacks Mr. Putin encounters in Ukraine are setbacks for Mr. Xi as well. They reduce his prestige in China and abroad by showing, first, that he is capable of major miscalculations in world politics and, second, that he is unable to prevent the U.S. and its allies from humiliating Beijing's most important ally.

Nothing matters more right now to the peace of the world and the security of the U.S. than crippling Mr. Putin's drive to rebuild an aggressive and despotic empire by waging a criminal war. The Biden administration, often after prodding from a hawkish Congress, has taken important steps in this direction, but three more things remain to be done.

First, we must support Ukraine's ability to fight. The extraordinary early performance of the Ukrainian army, combined with the comprehensive failure of Russian military preparation, turned Mr. Putin's gambit into

Turkey's Russian Missiles Could Defend Ukraine

By Paul Kolbe

Ukraine needs antiaircraft weapons, and Turkey has one it should get rid of—a Russian-made S-400 system it bought four years ago that triggered an enormous backlash from the U.S., which stopped selling F-35 fighter jets to Ankara in response.

How about a triple play? The U.S. helps Turkey send its S-400 to Ukraine to defend against Russian warplanes, offers the Turks a nice new American replacement, and gets F-35 shipments back on track. This would also help repair the relationship between the U.S. and Turkey in the face of Russian aggression.

Ukraine's desperate struggle to repel Russia's invasion depends on denying Russia air dominance. While Ukraine has preserved some air-defense capability, it lacks the means to hold off Russian air power indefinitely. Once Russia rules the Ukrainian skies, Ukrainian ground forces will be exceedingly vulnerable, as will supply lines of arms and aid from the West.

Ukrainian President Volodymyr Zelensky has begged the West for more aircraft and air defense. The

onset of Russian air attacks on military airfields and training sites in western Ukraine, along with Russian Deputy Foreign Minister Sergei Ryabkov's warning that Western aid shipments are "legitimate targets," demonstrates that Ukraine requires better long-range, high-altitude air defenses. Pentagon spokesman John Kirby recently noted that Ukraine

A way to solve the dispute between Washington and Ankara and do poetic justice in the process.

needs new ground-based air-defense systems more than it needs Polish MiG-29s, the deal for which was scuttled after the Pentagon said it didn't consider the deal "tenable."

Ukraine has limited stocks of Soviet-era S-300 mobile missile systems. These weapons are effective but dated, and Ukraine has had to use them judiciously. Within the North Atlantic Treaty Organization, Bulgaria, Greece and Slovakia have S-300s, which could be transferred

relatively quickly. Thomas Warrick at the Atlantic Council has suggested that the U.S. include S-300s as part of a lend-lease package for Ukraine, and NATO is reportedly exploring this idea.

When Turkey first signed a deal with Russia for the purchase of S-400 batteries, the U.S. and other allies saw the integration of the Russian system into NATO air defenses as a grave intelligence threat. In response, the U.S. suspended Turkey's participation in the F-35 program, and Congress eventually subjected Turkey to the Countering America's Adversaries Through Sanctions Act of 2017, which made it ineligible to purchase F-35 fighters to modernize the Turkish air force. One can imagine Vladimir Putin laughing at the discord and damage the sale of S-400s wrought within NATO.

There is no doubt S-400s would bolster Ukraine's air defense capability, and eliminating them from the Turkish inventory should clear the way for Turkey's reinstatement in the F-35 consortium and sanctions repeal. The gap in Turkish air defenses can be filled in the short term with U.S. Patriot batteries and eventually with Turkey's own Siper antiaircraft mis-

siles, which are under development. It would be symbolic if Russian-made missiles shot down Mr. Putin's warplanes in Ukraine that are bombing refugees, maternity wards and kindergartens. Having delivered the weapons to Turkey in the first place, Mr. Putin can hardly complain when Turkey sends them to a friend and neighbor to defend against wanton aggression. Indeed, late last year Kremlin spokesman Dmitry Peskov encouraged Turkey to purchase more S-400s: "This kind of cooperation between Russia and Turkey should not be a threat for any country . . . because the system is not offensive, it is defensive."

Delivering Turkish S-400s to Ukraine would help Ukraine, NATO, the U.S. and Turkey and would harm only Russia. Using Russian-made S-400s, sold to Turkey with the goal of dividing NATO, to shoot down Russian jets bombing Ukrainian cities would be poetic justice.

Mr. Kolbe is director of the Intelligence Project at Harvard Kennedy School's Belfer Center for Science and International Affairs. He was a Central Intelligence Agency operations officer for 25 years.

Sanctions Should Give Russians a Way Out

By Alex Garcia

The Western press cheers each announcement of another seized Russian yacht. But the cheers are premature: The sanctions as implemented are likely to backfire because they give Russians no chance to switch sides. The U.S. and Europe should offer a better escape hatch for both elite and ordinary Russians.

The barriers the West is erecting are an ironic reversal of history. The Soviet Union built the Berlin Wall to keep Eastern bloc citizens in. Today the West is building a wall around Russia. This has three important implications.

First, cut off from the world, Russians are forced into loyalty to the Putin regime. Oligarchs and ordinary citizens alike no longer have the option to escape. Their credit cards are blocked, flights banned and foreign

visas canceled. Their only choice is between conformity and arrest. Few will choose the latter. As a result, the regime has gained a level of totalitarian control that strengthens Vladimir Putin as a dictator and enables his dangerous foreign policy.

Second, isolation will build xenophobia within Russia. During the Cold War, millions of Soviet citizens dreamed of living like Americans. The West was eager to welcome them, but the Soviet government stood in the way. The consequent friction between people and state—the latter personified as the privileged *nomenklatura*—did much to precipitate the gradual loss of faith in Soviet institutions.

Russians today are as isolated as their Soviet predecessors. The difference is that now the outside world rejects them. Mr. Putin's criminal aggression is to blame, but the ordinary citizen under a deluge of state propaganda will conclude that Russia is a fortress, assailed from the West. Mr. Putin's propagandists exploit this ruthlessly.

Russia's typical response to external threats, from Napoleon to Hitler, has been to unite in defense of the motherland. Consequently, an eventual shift of public opinion against the Western-led world is likely. This may parallel a shift in opinion against Mr. Putin, but it will mean that even a democratically elected successor would find himself compelled to continue confrontation.

Third, unlike in the Soviet era, Mr. Putin's *nomenklatura* itself is under attack today. Used to a lavish lifestyle and imported decadence, it is rapidly starting to feel like the elites of North Korea—privileged relative to their compatriots, but in an increasingly

dangerous country with no escape. Unfortunately, as the durability of North Korea's regime shows, an impoverished and frightened elite can be an asset to regime stability.

Granting asylum to Russians who sever their ties with Russia would reverse the counterproductive effects of sanctions. Such a policy would require a thorough disclosure of each emigrant's background and assets, which would be made public. Those who have held public office or have

Encouraging defections would cause a brain drain and deprive Putin of some of his closest supporters.

significant assets would be required to submit to a de-Putinization commission, akin to South Africa's Truth and Reconciliation Commission. Those without assets could be granted assistance on par with other refugees fleeing genocidal regimes to maximize emigration, in particular from the working-age population, including young adults now subject to conscription. Assistance could be funded from some of the \$300 billion of Russian reserves already seized abroad. Russians staying in Russia would remain subject to escalating and crippling sanctions alongside the Russian state and the wider Russian economy.

These measures would immediately rob Mr. Putin of the totalitarian control sanctions have given him by giving his subjects an exit. Even if the regime enacts travel bans, Russia's

porous borders with former Soviet neighbors would keep the door open for years. A path to the West will recreate the aura of hope and antigovernment feeling in Russia as it did in the Soviet era, when it led to the dissolution of the state in 1991.

Many in Mr. Putin's elite and closest circle would rapidly vanish. The oligarchs who made their wealth in the tumultuous 1990s, pre-Putin, have long lived most of their lives abroad in such places as Mayfair or Manhattan and earned billions from Western investments. While they are most visibly vulnerable to sanctions, their significance to the regime is peripheral.

In modern Russia, they have been replaced with a new cadre of henchmen and cronies—leaders of state oil companies, government construction profiteers and others. They live in Russia and are loyal to the regime or to Mr. Putin personally. But shocked by his self-defeating aggression and faced with a choice to live in Stalinism 2.0 or flee abroad, many would flee. That would deprive the regime of its most loyal supporters and strike a severe blow to Mr. Putin personally.

There is no doubt that severe penalties should be imposed on a state invading another in cold blood. It is critical that the secondary effects of these measures are coordinated with long-term priorities of security and regime change. We can only hope that Western policy makers won't let anti-Russian hysteria get in the way of enacting measures that will be truly painful for Mr. Putin.

Mr. Garcia is a business executive in New York.

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BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Friday, March 18, 2022 | B1

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Higher Shipping Rates Lift FedEx

Profit rises 25% as drop in number of packages is offset by increased charges

By PAUL ZIOBRO

FedEx Corp.'s revenue rose 10% in the fiscal third quarter as higher shipping rates made up for shipping fewer packages overall.

The delivery company's profit rose 25% from a year earlier to \$1.1 billion, led by its smallest unit, Freight, where operating income nearly tripled on higher rates. FedEx said that all its divisions were helped by the company raising fuel surcharges on shipments faster than fuel costs rose.

On Thursday FedEx said it is raising its fuel surcharge fee across all shipping services starting April 4.

Its two larger divisions, Express and Ground, were pinched by effects from the Omicron variants, higher wages needed to attract and retain workers, among other rising costs. The recent surge of the Omicron variant led to increased absenteeism among its flight crews and reduced shipping demand from shippers, the company said.

Overall, FedEx shipped on average 16.8 million parcels a day in the three months ended Feb. 28, compared with 17.6 million in the prior-year quarter, as the boom in package shipments from the pandemic wanes.

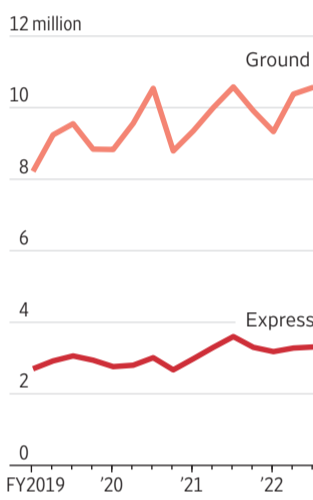
FedEx executives said that profit margins are undergoing growing pains from expanding its delivery network and taking on more customers in recent years, at a time its main rival, United Parcel Service Inc., is culling some of its less profitable customers and pulling back on significant network expansions.

"This strategy is different



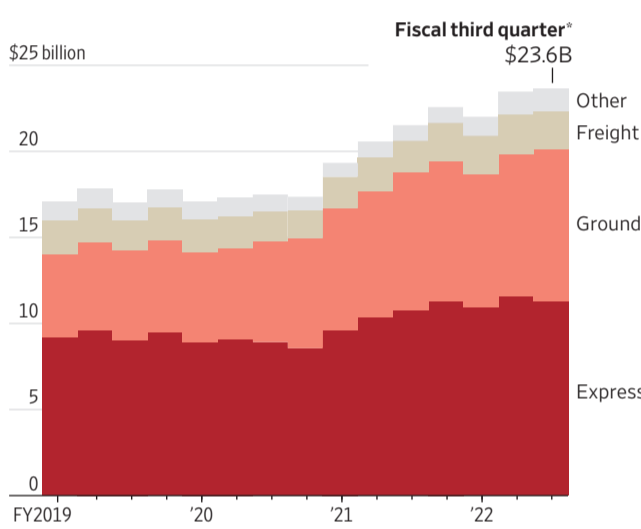
The shipping company has struggle to attract enough workers to run its operations efficiently in recent months.

FedEx's average daily U.S. package volume



Note: Fiscal third quarter ended Feb. 28.

Segment revenue



Sources: the company (volume); S&P Capital IQ (revenue)

than what our primary competitor has pursued," Raj Subramaniam, FedEx's president and operating chief, said. But by adding customers and investing

in its network now, he said that profits should improve. "That period of investment is behind us." Shares fell more than 3% in

after-hours trading.

FedEx had been struggling to attract enough workers to run its operations efficiently in recent months. In December,

company executives said that higher pay and other perks, such as flexible scheduling and tuition reimbursement, helped them get enough workers for the critical holiday period.

In the latest quarter, labor costs grew by \$350 million year over year, primarily due to its Ground division.

Across the package delivery sector, the peak shipping season between Thanksgiving and Christmas turned out to be lighter than expected, as retailers offered promotions earlier than normal and shoppers also returned to stores to do holiday shopping.

UPS, which noted the unexpected slowdown in shipping volume in December, said last month that it quickly returned rental vehicles and dismissed temporary workers to preserve profit as the shipping levels slowed down.

More recently, FedEx has *Please turn to page B2*

Amazon Closes Purchase Of MGM Studio

By JOE FLINT AND DANA MATTIOLI

Amazon.com Inc. closed its \$6.5 billion acquisition of the MGM movie and television studio on Thursday, even as the Federal Trade Commission continues to examine the deal.

The move comes after Amazon certified to the FTC that it had provided all the information requested by antitrust investigators reviewing the transaction. That step put the deal on a regulatory clock with the agency that has now expired, leaving the company free to move forward, a person familiar with the matter said.

Amazon provided the FTC with more than three million documents over the past eight months as part of the review process, the person familiar with the matter said.

Even though the deadline has expired, the commission would still could challenge the acquisition later, if a majority on the FTC votes to do so. The five-member commission is split 2-2 between Democrats and Republicans, with one vacancy. A President Biden nominee for the open seat is pending in the Senate.

An FTC spokeswoman declined to comment specifically on the Amazon deal but noted that the commission "may challenge a deal at any time if it determines that it violates the law."

Amazon didn't comment on the FTC's review in its announcement of the deal's completion.

The FTC's investigation has been closely watched because the commission's chairwoman, Lina Khan, has long been a critic of Amazon. In 2017, while still a law student at Yale, Ms. Khan published a law-review article that raised concerns about Amazon's market power and argued the government had failed to restrain the company. Ms. Khan later worked as legal counsel to a congressional antitrust subcommittee that led a 16-month investigation into four technology companies including Amazon.

Last summer, Amazon filed a motion requesting that Ms. *Please turn to page B4*

GameStop Posts Surprising Quarterly Loss

By SARAH E. NEEDLEMAN AND DENNY JACOB

GameStop Corp. recorded a loss during the holiday quarter despite an increase in sales, surprising analysts who were expecting the videogame retailer to turn a profit.

GameStop has been working to turn around its business under the leadership of a revamped executive team and board.

The Grapevine, Texas, com-

pany on Thursday posted \$2.25 billion in net sales for the 13 weeks ended Jan. 29, above analysts' expectations of \$2.16 billion. It reported \$2.12 billion in revenue for the same period last year.

GameStop said new and expanded relationships with companies such as **Lenovo Group** and **Corsair Gaming Inc.** helped to drive the growth.

On an adjusted basis, it logged a loss of \$1.86 a share.

Analysts polled by FactSet expected adjusted earnings of 85 cents a share.

"The combination of supply chain issues and the Omicron variant had a sizable impact on this past year's holiday season," GameStop's chief executive, Matt Furlong, said on a call with analysts.

Even so, it isn't a good sign if the company can't turn a profit in what is supposed to be one of its busiest times of the year, said Wedbush Securi-

ties analyst Michael Pachter. "If they can't make money in the holiday quarter, they're doomed," he said.

GameStop shares were down more than 7% in after-hours trading. The stock closed Thursday at \$87.70 and is down 58% over the last 12 months.

The increase in revenue comes as supply-chain constraints affect everything from gaming consoles to semiconductor chips.

Cost of sales were roughly \$1.88 billion, up 12%, while selling, general and administrative expenses were \$538.9 million, up nearly 29%.

GameStop said it has been spending on building its inventory to better serve online customers.

"Increased investment in inventory reflect the company's focus on meeting heightened demand and mitigating supply-chain headwinds," the conductor chips. *Please turn to page B2*

Netflix Cracks Down On Password Sharing

By GARETH VIPERS AND ALLISON PRANG

After years of turning a blind eye to password sharing, Netflix Inc. has had enough.

The streaming company is making moves to charge users who share their accounts with people outside of their households.

A few weeks after Netflix raised the price of its monthly subscriptions in the U.S., the company said it is testing a feature that would charge customers an extra fee for the ability to share accounts.

Netflix said the new option would be tested over the next few weeks in Chile, Costa Rica and Peru before the changes are introduced in other countries.

"While these [household plans] have been hugely popular, they have also created some confusion about when and how Netflix can be shared," Chengyi Long, Netflix's director of product innovation, said. "As a result, accounts are being shared between households—impacting our ability to invest in great

new TV and films for our members."

Existing subscribers will be able to add subaccounts for as many as two people they don't live with at an additional cost, she added. In Costa Rica, the feature will cost \$2.99 a month, with users in Chile and Peru being charged the local equivalent.

Netflix shares rose 3.9% on Thursday. The stock has lost nearly half its value from its record in mid-November. Analysts have attributed much of that decline to Netflix's slowing subscriber growth. The company registered 24% average paid subscriber growth annually from 2016-2020 but managed only 9% growth last year.

Netflix also faces increased competition among streaming platforms and rising programming costs. The company is spending more on content to attract and keep subscribers as viewers have more content to choose from thanks to a crowded field.

In January, the company *Please turn to page B2*

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Delta plans to increase employee salaries by 4% amid rebound in flying. **B3**



MARKETS
Some of the day's biggest moves came in the stocks of energy companies. **B10**

Scrutiny of Barstool Founder Complicates Deal With Penn

By KATHERINE SAYRE AND OMAR ABDEL-BAQUI

Scrutiny of Barstool Sports is mounting as gambling operator Penn National Gaming Inc. moves to acquire the media company to help it compete in the sports-betting business.

Gambling regulators in Nevada and Indiana have said they are looking into Barstool and Penn National in the wake of sexual-misconduct accusations against Barstool founder and star personality Dave Portnoy.

In an interview, Penn Chief Executive Jay Snowden said Penn, which took a 36% stake in Barstool two years ago, stands by Mr. Portnoy and still believes in Barstool's media appeal as key to the company's future in sports betting and digital media.

Mr. Portnoy has filed a defamation lawsuit in response to sexual-misconduct accusations, which he denies, levied against him in news articles published by Insider Inc.

Penn, historically a casino operator, has said it is betting that the brash Barstool brand—and its millions of social-media-hungry followers—



Barstool Sports founder Dave Portnoy denies sex-misconduct claims.

will help it acquire gamblers and compete against other online betting brands. Penn's support for Mr. Portnoy highlights a risk it takes by making a big bet tied to an outspoken, and sometimes controversial, media personality. Penn said it is on track to take full ownership of Barstool next year.

Penn executives said having the Barstool brand also will allow it to refrain from spending huge sums of money on adver-

tising to build its user base, a strategy other online sports-betting brands have leaned on more heavily at the expense of profits.

"You can't run a business that way long-term," Mr. Snowden said.

Penn has reported that in Pennsylvania and Michigan, Barstool Sportsbook had market share of 15% and 18%, respectively, in net gaming revenue. *Please turn to page B4*

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FedEx Profit Increases

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had to operate through other challenges in the latest period, from severe winter storms, Covid-19 outbreaks and quarantines among its airline crew and the war in Ukraine. The carrier has suspended operations in Belarus, Russia and Ukraine.
FedEx faces some turmoil among its base of Ground contractors, whose small businesses deliver all of the packages that move through that division.
More than 800 contractors recently sent a letter to company executives after the latest holiday season, during which they said that FedEx issued projections for shipping volumes that were too high. The contractors said that they rented trucks and added staff anticipating extra packages, but

when they didn't come, it dented their payments from FedEx, which are based on the number of stops drivers make and packages they deliver.
Contractors also laid out other gripes in the letter, from inaccurate daily data to plan their routes and staffing levels to added costs tied to operating seven days a week. It also comes as contractors are struggling with rising costs for labor and fuel. FedEx acknowledged the problems experienced by contractors and is working with them to help them succeed.
Mr. Subramaniam said that as market conditions change, it will work with contractors to make sure they succeed. "We will work closely, hand-in-hand, to make sure that we are successful for FedEx and our contractors going forward," he said.
For the three months ended Feb. 28, FedEx posted a profit of \$1.1 billion, or \$4.20 a share, compared with \$892 million, or \$3.30 a share, a year earlier.
Excluding items such as integration and restructuring expenses, FedEx said per-share earnings rose to \$4.59 from \$3.47 last year.

Netflix Acts on Sharing

Continued from page B1
raised the price for its monthly plans, its first such increase since 2020. The monthly cost for its basic plan for U.S. customers rose \$1 to \$9.99, while its standard plan increased to \$15.49 from \$13.99 and the premium plan to \$19.99 from \$17.99.
Netflix has previously experimented with tightening account security. In March 2021, the company started prompting some of its users to verify their identity through a text message.
Netflix's rivals, including AT&T Inc.'s HBO Max and Walt Disney Co.'s Disney+, often email their customers when they notice multiple logins from various locations, according to people familiar with the companies' policies. The emails usually say that the service wants to ensure the user's account wasn't hacked, the people said. But they also serve as a gentle reminder to customers that companies know when more than one person is using the account, industry experts said.
Netflix stands to lose more people than it would gain from clamping down on password sharing and risks making users mad, said Michael Pachter, a research analyst at Wedbush Securities, who upgraded his rating on the company to neutral last week.
"I believe that a crackdown on password sharing is going to increase churn," he said, referring to the rate at which

customers leave the service. He said the company should stop dumping content all at once and instead space out the release of its programming, which would help keep subscribers from binge-watching and then leaving the service.
VersiVe Manhattan, a 37-year-old forklift operator and producer in the Los Angeles area, shares his Netflix account with his daughter and mother who live in different states.
He called the company's potential moves to charge users more for sharing their passwords ridiculous, saying people have had to adapt to enough during the Covid-19 pandemic.
"Netflix was one of those things where I felt like it was needed just to keep the connection going," he said, adding that he discusses different Netflix content with his daughter.
He said regulating whether people can share their password also seems like a privacy issue to him and that users should have the right to decide with whom they share that information with. Should Netflix charge customers more for sharing accounts outside their household, he plans to end his membership.
"I definitely would cancel," he said.
In January, the company said it expected to add a much smaller number of subscribers in the current quarter than it did a year ago as it adjusts to growing competition and lasting disruptions from the pandemic. The company forecast an increase of 2.5 million subscribers in the current quarter, compared with four million a year earlier. It also slightly missed its subscriber estimate for the fourth quarter of 2021.

BUSINESS & FINANCE

Chobani Says Burns to Return As President After Stint at Juul

By ANNIE GASPARRO AND CORRIE DRIEBUSCH

Chobani Inc. hired former Juul Labs Inc. Chief Executive Kevin Burns as its president and chief operating officer, according to an internal memo reviewed by The Wall Street Journal.
Mr. Burns, who worked at Chobani for several years before leading Juul, will report to the yogurt maker's founder and CEO, Hamdi Ulukaya.
Mr. Burns succeeds Peter McGuinness, who left Chobani last week to become chief executive of plant-based burger maker Impossible Foods Inc.
Chobani's appointment of Mr. Burns followed several high-profile departures from the yogurt maker.
Last week, the Journal reported Chobani Chief People Officer Grace Zuncic, Chief Strategy Officer Michelle Brooks and Chief Corporate Affairs Officer Cristina Alesci



GUY WATHEM/THE SAN FRANCISCO CHRONICLE/GETTY IMAGES

Kevin Burns helped Chobani evolve into a packaged-food company,

evolved from startup status to operating more like a large packaged-food company, according to people who worked there at the time.
"That was another time of change and opportunity for Chobani, and we came out all the better for it," Mr. Ulukaya said in the memo Thursday about Mr. Burns's hiring.
Most recently, Mr. Burns was CEO of Alto Pharmacy, a San Francisco-based telehealth pharmacy.
Before that, he was CEO of Juul Labs, a post he resigned from in 2019, after the e-cigarette company drew scrutiny over its marketing to young people.
Mr. Burns said in the memo to Chobani employees that he is excited about rejoining the company.
"I believe the company has just begun its transformation and category expansion that will fuel its growth over the coming years," he said.
Mr. Burns helped Chobani

Mr. Burns previously was president of Chobani from 2014 to 2016. Private-equity firm TPG Inc., where Mr. Burns was a partner before joining Chobani, had taken a stake in the company in 2014 and exited from its investment in 2018.
Mr. Burns helped Chobani

GE Cuts CEO Pay After Shareholder Protest

By THEO FRANCIS

General Electric Co. said Chief Executive Larry Culp agreed to reduce his potential compensation by about \$10 million this year, responding to shareholder concerns over changes that GE's board made to executives' pay packages in 2020.
In August 2020, the GE board revised Mr. Culp's contract, extending it until 2024 and awarding him a special stock grant during the year that was valued at more than \$100 million by the end of

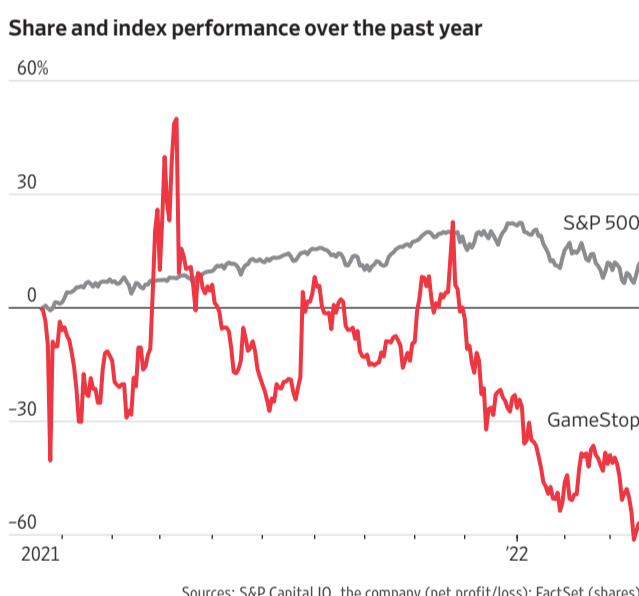
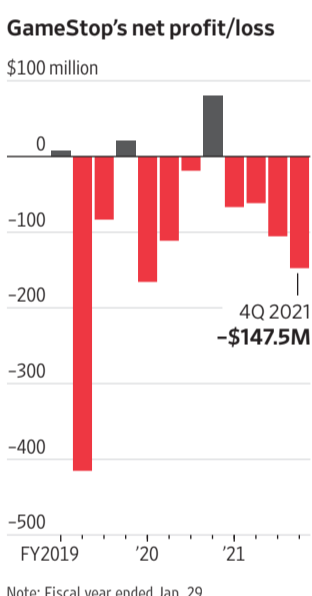
2020. Asset managers called the awards poorly linked to the company's performance, which they characterized as trailing that of GE's peers.
Nearly 58% of GE shares were voted against the board's compensation practices at last year's annual meeting. It is rare for shareholders to withhold their support for such say-on-pay votes at major companies.
For 2022, Mr. Culp stands to receive a \$5 million equity award, instead of the \$15 million set out in his revised contract, if he and the company meet performance targets. Ex-

ceeding those targets or falling short would increase or reduce the award, respectively.
GE reduced Mr. Culp's potential 2022 pay following discussions with most of its major shareholders last year, the company said in its annual proxy statement.
"There was shareholder concern around the timing, size and structure of the 2020 retention grant made as part of the extension," GE said in its filing, along with shareholder support for Mr. Culp's leadership. The company also said it doesn't plan to make similar

changes to its CEO's pay in future years.
On Thursday, GE reported paying Mr. Culp \$22.7 million for 2021, including a cash bonus of \$4.2 million and salary of \$2.5 million as well as a \$15 million equity award. The equity award was made before the 2021 annual meeting, GE said in the filing.
His 2021 pay trailed the \$73.2 million that GE reported paying him in 2020, but it roughly matched the \$24.6 million paid in 2019, Mr. Culp's first full year heading the company, securities filings show.

GameStop Reports Loss

Continued from page B1
GameStop didn't issue guidance for the current quarter or fiscal 2022, saying on the earnings call that it wouldn't be prudent to do so during the early stages of its transformation.
The company hasn't provided guidance since March 2020, though previously it cited uncertainty due to the pandemic as the reason. It also hasn't taken questions from analysts on its earnings calls over the past year and it didn't again on Thursday.
The videogame retailer has struggled to turn a profit in recent years largely because many console- and computer-game players have moved to downloading games over the internet, instead of buying the hard copies that the company specializes in selling.
In addition, more people have been downloading games on smartphones and tablets, while publishers have been releasing more free games that generate revenue from sales of virtual goods.
GameStop has been trying to update its business model so it depends less on sales in its physical stores and gets more revenue from online purchases.
In June, GameStop overhauled its executive team and board, naming Mr. Furlong, an Amazon.com veteran, as CEO. Shareholders also voted Chewy Inc. co-founder Ryan Cohen as



chairman and elected an entirely new slate of directors.
The changes came after a monthslong, social-media-fueled trading frenzy that helped GameStop's stock price skyrocket at the start of 2021. After reaching a peak of around \$350 last year, the stock slid to less than \$90 a share this week, amid concern that the company hasn't done enough to reverse its fortunes.
To improve GameStop's prospects, Mr. Cohen has been pushing to make the company more techcentric, such as by launching a redesigned app and adding more fulfillment centers for faster deliveries of online orders.
Further, GameStop said last month that it plans to step into trendy but unproven non-

fungible-tokens by launching a marketplace for buying and selling the digital certificates in partnership with an Australian blockchain startup.

The company posted a net loss of \$147.5 million for its fiscal fourth quarter, down from year-earlier earnings of \$80.5 million.



The videogame retailer says it has been spending on building its inventory to better serve online customers.

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BUSINESS NEWS

Warby Parker Bets Big on More Stores

Eyewear retailer plans to open 40 stores this year and forecasts slower sales growth

By CHARITY L. SCOTT

Warby Parker Inc., which launched more than a decade ago selling eyewear directly to customers online, sees bricks-and-mortar retail as its biggest growth opportunity.

The New York company plans to open 40 stores this year, which would bring the eyewear brand's total to 201 locations, co-chief executive Neil Blumenthal said on a conference call on Thursday. Warby Parker derives most of its revenue from stores and expects that expanding its footprint will help it gain market share.

"We expect most of our 2022 growth to be driven by our retail channel, as traffic and sales productivity rebound," Mr. Blumenthal said.

Warby Parker projected net revenue would rise between 20% and 22% this year, com-

pared with the 37% growth in 2021. The company's revenue forecast of \$650 million to \$660 million came in below the \$688.5 million expected from analysts polled by FactSet. The outlook included the effect of about \$15 million in lost sales related to the disruption caused by Omicron at the start

Warby Parker's share price



Source: FactSet

of the year, the company said.

Warby Parker aggressively pursued physical retail since opening its first store in New York City in 2013, adding 35 stores last year. It poured more attention into bricks-and-mortar selling because it is more profitable than its online business, said Anthony Chukumba, managing director at Loop Capital Markets.

"The original business model was that they were gonna become the Amazon of optical retailing," Mr. Chukumba said. "What they very quickly found out was that just doesn't work."

The company's approach has yet to translate into profit, as losses since its inception totaled more than \$447 million as of Sept. 30. In the latest quarter, the company reported its net loss ballooned to \$45.9 million from \$4.3 million a year earlier, as it recorded a rise in stock-based compensation expenses and related payroll taxes. An uptick in marketing expenses weighed on the company's bottom line.

Warby Parker wants to ben-



The eyewear brand, which added 35 stores last year, will have 201 locations after the expansion.

efit from the shift as well. The company's stores are in high-traffic locations, and churn out tons of sales per square foot, Mr. Chukumba said. The company projects that expanding services like offering eye exams at new and existing locations would add value to each site.

"Last year, we commissioned a third-party study that concluded our retail footprint has room to expand to over

900 retail locations in the U.S.," Mr. Blumenthal said. "This is still a fraction of the 41,000 optical shops that exist today."

Shares in the eyewear retailer opened Thursday trading down about 11%, but closed the day up more than 3% to \$2770. The company went public in September via a direct listing and the stock closed at \$54.49 on its first day of trading.

In the fourth quarter, Warby

Parker reported revenue increased about 18% to \$132.9 million, which was shy of FactSet consensus of \$133.4 million. Fourth-quarter revenue was negatively affected by the Omicron variant, with disruption heightened in the last weeks of December, the company said. That coincided with peak demand in the optical industry as customers seek to use flexible spending dollars ahead of Dec. 31 expirations.

Barry Diller's Nevada Gambling License Is Delayed

By KATHERINE SAYRE

The top gambling regulator in Nevada delayed MGM Resorts International stakeholder Barry Diller's licensing on Thursday after federal authorities launched insider-trading investigations into his share purchases of Activision Blizzard Inc.

Nevada Gaming Commission Chairwoman Jennifer Togliatti in a public meeting ordered that Mr. Diller's application to be in the casino industry undergo "further fact-finding and investigation" by the state's Gaming Control

Board. The board's staff investigates the backgrounds of executives and major shareholders who must be licensed to operate in the state's gambling industry.

State regulators determine applicants' suitability to be licensed, and their regulations are intended to prevent corruption or criminal activity in the industry.

In 2020, Mr. Diller and his internet holding company, IAC/InterActiveCorp., said it had spent more than \$1 billion for a 12% stake in MGM Resorts, in pursuit of the growing online gambling industry

in the U.S. IAC's stake in the Las Vegas-based casino operator has since grown to about 14%.

Mr. Diller didn't respond directly to a request for comment. In a statement, IAC said the matter was "simply delayed."

"We expect no issues with respect to Mr. Diller's application nor with IAC's," the company said.

MGM Resorts didn't respond to a request for comment.

The Gaming Control Board recommended in a March 2 hearing that the Gaming Com-

mission approve licensing for Mr. Diller, IAC as a company and Chief Executive Officer, Joey Levin. Mr. Diller and Mr. Levin are MGM Resorts board members.

The Wall Street Journal reported earlier this month that federal prosecutors and securities regulators are investigating large bets that Mr. Diller made—along with Alexander von Furstenberg and David Geffen—on Activision Blizzard shares, days before the videogame maker agreed to be acquired by Microsoft Corp. on Jan. 18.

Earlier this month, Mr.

Diller said that none of the men had material nonpublic information about the Microsoft-Activision deal, saying, "it was simply a lucky bet."

He said Mr. von Furstenberg had been "buying Activision stock prior to that and the thought was that Activision at some point would either go private, or would be acquired at some point," Mr. Diller said.

Neither Mr. von Furstenberg, who is Mr. Diller's stepson, nor Mr. Geffen have responded to requests for comment.

Shares of IAC were up

about 3% at the market's close on Thursday.

Shares of MGM Resorts were down half of a percentage point.

IAC's digital holdings include brands like Care.com, The Daily Beast and Vivian Health.

The company said it planned to use its expertise to help MGM Resorts grow into online gambling, which some industry executives and analysts have said could be a \$40 billion market in the U.S.

Ms. Togliatti said the applications would be delayed until an April commission meeting.



Most Delta employees will receive the pay increases starting in May, their first raises since 2019.

Delta Air Lines Plans to Give Its Workers a 4% Wage Raise

By JOSEPH DE AVILA AND ALISON SIDER

Delta Air Lines Inc. is raising most employee wages 4% as demand for flights continues to rebound with the busy spring and summer travel season approaching.

Travelers are flocking back as corporate offices reopen and international restrictions are lifted, according to a memo sent Thursday to Delta employees from Ed Bastian, chief executive of the airline.

That marks a shift from the start of the Covid-19 pandemic when revenue plunged 95%, marking "the most difficult and challenging time in the history of our company," he said.

Mr. Bastian said Delta is forecasting a profit for the month of March but will post an overall loss in the first quarter due to Omicron-variant-driven Covid-19 infections slowing travel bookings in January and February.

Mr. Bastian said the airline is optimistic it will be profitable this year.

"We've come a long way since the darkest days of

American to Sell Alcohol Again

American Airlines Group Inc. will resume selling alcoholic beverages on many domestic flights next month—a plan it put off last year to tamp down on unruly passenger behavior.

Airlines largely suspended food and beverage service in 2020 when travel demand plummeted and they wanted to minimize contact between customers and crew. Those amenities have started to re-

turn, but airlines have taken different approaches to alcohol sales in coach sections.

American was the last major airline to hold off on bringing alcohol back in economy, though it has offered it in premium cabins and beer and wine have been available on long-haul international flights. American said it would resume selling beer, wine and spirits on domestic flights over 250 miles on April 18—just as a federal mandate requiring masks on flights and in airports is scheduled to expire.

—Alison Sider

2020," he said.

The pay raises go into effect May 1, according to the memo.

A spokesman for Delta said the raises mark a return to regular base-pay increases that the airline typically did annually before the coronavirus pandemic.

The raises aren't tied to specific efforts to increase retention or hire more employees in these positions, he said.

The last time Delta raised

wages was in 2019 when it bumped up pay 4%, the spokeswoman said.

The company increased workers' wages 3% in 2018 and then 6% in 2017.

The Association of Flight Attendants, a union seeking to represent Delta's flight attendants, said the raises don't address its other concerns.

"We don't just want pay on a schedule management controls," the union said in a statement.

HUBLOT

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BIG BANG UNICO YELLOW GOLD

Apple's App Store Faces Test in EU Law

Legislation is expected to let users sidestep the iPhone maker's controls on software

By SAM SCHECHNER
AND TIM HIGGINS

Apple Inc. is facing one of the biggest challenges yet to how it controls and profits from the App Store as Europe prepares to complete a new competition law in the coming weeks.

The new European Union legislation—which could be effectively completed as soon as this month—is set to direct Apple to allow software to be downloaded outside its cash-generating App Store and limit how companies impose their own payment systems on apps, according to people involved in the negotiations. Failure to comply would carry penalties of up to tens of billions of dollars.

For the past two years, the iPhone maker has battled lawmakers, regulators and rivals around the world to defend how it serves as the gatekeeper to more than one billion users of its devices.

Critics accuse Apple of hurting competition by forcing app developers to use its store and payment tools, from which it extracts a commission of up to 30% for in-app purchases. Apple has countered that it is giving consumers a choice of a digital platform that has proven popular with customers and that proposed changes would open users up to threats to security and privacy, and weaken the overall iPhone experience.

Rivals and critics of Apple's power hope the EU law will serve as a catalyst for other jurisdictions, such as in the U.S., where similar legislation is pending before Congress.

"Apple is playing 5-D chess right now," said Paul Gallant, a policy analyst for Cowen & Co.



A new law is expected to permit app developers to gain access to the iPhone outside App Store rules. An Apple store in Amsterdam.

"It will struggle to explain why government changes will radically change the iPhone when Google already does it and it will struggle to explain why it can't do it in the United States when it may soon do it in Europe."

As the language is finalized behind closed doors, most tech companies and their lobbyists are resigned to passage of the so-called Digital Markets Act. Other provisions in the DMA are aimed at the likes of Amazon.com Inc. and Google parent Alphabet Inc.

The DMA's most existential threat to Apple comes with a provision that would allow software makers access to the iPhone—through so-called sideloading—outside of the rules and payment scheme of Apple's App Store. One draft of the DMA, approved in December by a 642-8 European Parliament vote, included sideloading.

Apple said in a statement that the DMA will undermine its security and allow mali-

cious actors to take advantage of sideloading. "Governments and international agencies world-wide have explicitly advised against sideloading requirements, which would cripple the privacy and security protections that users have come to expect," Apple said in the statement.

The full effect of the sideloading provision isn't yet clear as lawmakers work on final language defining security exceptions that could give Apple leeway to limit the scope of sideloading.

After the text is agreed upon by negotiators for the parliament and member states as early as this month, the bill is expected to be officially approved by both bodies in coming months. Based on that timeline, it would take effect early next year.

Apple has pushed back when ordered to loosen its grip over the app economy, such as by a U.S. federal judge, legislators in South Korea and



The EU's Margrethe Vestager

antitrust enforcers in the Netherlands. Apple has responded to those orders with appeals or narrow policy changes, refraining from bigger changes that could reduce the billions it takes in from app store commissions.

The EU's antitrust chief, a major proponent of the DMA, has pointed to Apple's recent

moves and cautioned that the bloc must give itself enforcement power in the law to make its provisions stick.

"Apple essentially prefers paying periodic fines, rather than comply with a decision of the Dutch Competition Authority," said Margrethe Vestager, the top digital policy and competition official at the EU's executive arm, in a speech last month. "Effective enforcement, which includes the commission having sufficient resources to do so, will be key to ensure compliance," she said.

In early drafts, failure to comply with the DMA would be punishable by fines of up to 10% of a company's annual global revenue, which for Apple currently would equate to \$37 billion, but some legislators have pushed for a higher ceiling.

Court filings have suggested around 20% of Apple's annual operating income comes from App Store revenue. Apple has said that estimate is too high, but hasn't

disclosed an alternative amount.

That figure underscores why some of the App Store's biggest revenue generators have been aggressively pushing for changes. Spotify Technology SA and Match Group Inc. have been successful in lobbying to include language in the act that would oblige Apple to allow developers to use competing in-app payment systems, according to people familiar with the matter.

"It is much easier for, let's say, companies like Spotify or the Match Group to make their case because it is a clear-cut case," said Andreas Schwab, a German member of European Parliament who is in charge of shepherding the bill. "The gatekeepers have more difficulties explaining their business practices so clearly," he added.

If the DMA passes as expected, Apple could attempt to challenge the enforcement of the law, both through litigation and in the minutiae of App Store policy changes it puts in place to comply, according to analysts and people involved in the negotiations.

The biggest changes to Apple's App Store were ordered in September by a federal judge in California who oversaw an antitrust lawsuit by "Fortnite" maker Epic Games Inc. While Apple mostly won the case, the judge ordered Apple to stop prohibiting app developers from being able to send users inside their apps to cheaper alternative payment methods outside of the app. But that change is on hold while Apple appeals the ruling.

When an antitrust regulator in the Netherlands ordered Apple to allow alternative payments in dating apps in that country, Apple responded while still charging apps a fee, 27% of revenue instead of 30%. The changes haven't satisfied the Dutch, who are fining Apple more than \$5 million a week.

—Jiyoung Sohn
contributed to this article.

Barstool's Portnoy Scrutinized

Continued from page B1

in December. Penn's marketing costs are about 30% of net gaming revenue, compared with an average of more than 100% among a group of its competitors, according to a Penn presentation to investors.

Mr. Portnoy started Barstool in 2003 as a gambling newspaper in Boston. Now, it produces online content, podcasts and videos. Its popularity has grown in recent years, drawing a cultlike following

among its fans, many of whom it says are young adults. The Barstool betting app now operates in 12 states.

Mr. Snowden said Barstool has grown its revenue by 150% since that initial investment two years ago and increased its social media base to 100 million followers. "They're profitable, which is rare for a lot of digital media businesses," Mr. Snowden said, adding: "They've delivered on what they said they would do."

The Nevada Gaming Control Board said it is investigating Penn, which is licensed in the state, and Mr. Portnoy. In a statement, the board chairman, Brin Gibson, said the board's obligation "is to protect the reputation of the state and the reputation of the state's gaming industry." In a

public board meeting in December, Mr. Gibson said he had requested information from Penn because he was concerned about Barstool.

The Barstool sports-betting app doesn't operate in Nevada. Gambling regulators in Indiana, where Barstool's app does operate, said they are conducting a review of Penn and Barstool related to the recent news articles about Mr. Portnoy. "Penn is aware of the [Indiana Gaming Commission's] ongoing concerns and we will continue to evaluate any new information that emerges," the commission said in a statement.

Mr. Snowden said the company has answered regulators' questions and has committed to keeping the boards up-to-date with new information.

Last month, Mr. Portnoy

filed a lawsuit against Insider, the digital media company that published two articles in which several women accused him of sexual misconduct. Some of the women in the Insider articles accused Mr. Portnoy of filming their sexual encounters with him without their consent, and said that their consensual sexual experiences with Mr. Portnoy became violent or painful, in one case leading to a rib injury.

In the lawsuit, filed in the U.S. District Court in Massachusetts, Mr. Portnoy accused Insider of "willful and unlawful defamation and privacy rights violations," and claimed Barstool lost \$12 million in ad revenue since the first article was published. Mr. Portnoy sued Insider, its chief executive, an editor and two report-

ers. Insider is owned by Axel Springer, the German media conglomerate. Penn's shares have fallen around 40% since the first Insider article was published in early November.

"We stand behind our reporting and will defend the case vigorously," Insider said in a statement to The Wall Street Journal. In a letter to readers, Insider Global Editor in Chief Nicholas Carlson, who is named in the lawsuit, said the outlet published the articles "because we consider them to be in the public interest."

Mr. Portnoy defended himself against the accusations. "I'm suing to prove they're not true," he said in an interview.

Penn contacted gambling regulators in states where the company is licensed after the first Insider article was pub-

lished, Mr. Snowden said. He said Penn told regulators that the company didn't have prior knowledge of the accusations.

Mr. Snowden said the accusations were about Mr. Portnoy's personal life, and Mr. Portnoy isn't an employee of Penn. Mr. Snowden said he has known Mr. Portnoy for nearly three years and that he finds him "to be very honest."

Becky Harris, a former chairwoman of the Nevada Gaming Control Board, said Barstool might have problems getting licensed in more jurisdictions as gambling regulators adopt and implement policies to prevent harassment and discrimination.

Penn and Barstool have workplace policies against any harassment or discrimination, said a spokesman for Penn.

Amazon Closes Acquisition

Continued from page B1

Khan recuse herself from anti-trust-related investigations of the company. The FTC hasn't commented on that request.

European regulators approved the deal this week, saying that the transaction wouldn't significantly reduce competition.

The deal marks Amazon's second-largest acquisition in its history, following its 2017 deal to buy Whole Foods for \$13.7 billion.

The company remains under antitrust scrutiny because of its size and power in different industries. Beyond the FTC's review of the merger, the agency is taking a broader look at Amazon's operations.

Last week, a congressional committee asked the Justice Department to investigate Amazon and some of its executives for what lawmakers say is potentially criminal obstruction of Congress related to the committee's investigation into Amazon's clout.

MGM will be part of Amazon's Prime Video and Studios unit and will be overseen by Senior Vice President Mike Hopkins. Amazon didn't announce any additional leadership structures for the studio's



With MGM, Amazon will add 4,000 films to its holdings including the James Bond franchise.

operations.

Amazon said it isn't planning any layoffs at the studio.

With MGM, Amazon will add 4,000 films to its holdings including the James Bond franchise.

MGM also has a deep library of 17,000 episodes of television content. Amazon is investing heavily to boost its Prime Video platform, which is competing against Netflix Inc., Walt Disney Co.'s Disney+ and other large rivals.

"MGM has a nearly century-long legacy of producing exceptional entertainment, and we share their commitment to delivering a broad slate of original films and television

shows to a global audience," Mr. Hopkins said.

Entertainment isn't the only area where Amazon is increasing its video presence.

Amazon is investing heavily to boost its Prime Video platform.

The company is investing in sports. Last year, it struck a deal with the National Football League for exclusive national video rights to "Thursday

Night Football" at a price tag of around \$1 billion a season, people familiar with the matter said.

Amazon is nearing a deal to have broadcaster Al Michaels anchor its Thursday football coverage, people close to the announcer and company have said.

Amazon also is kicking the tires on the NFL's "Sunday Ticket" rights, a TV package that provides subscribers access to every game during the regular season, people close to the league and company said. Satellite broadcaster DirecTV is the current rights holder, and its deal expires after the 2022-23 season.

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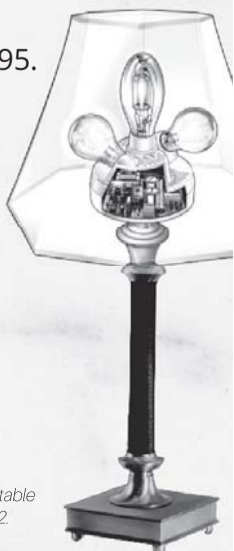
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How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.

Based on the list of the 1,000 largest companies based on market capitalization.
Unrounded quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldface quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes:

- *New 52-week high.
#New 52-week low.
dd-Indicates loss in the most recent four quarters.
FD-First day of trading.
h-Does not meet continued listing standards
lf-Temporary filing
Q-Temporary exemption from Nasdaq
U-Unrounded quotations
v-Indicates bankruptcy
V-Trading halted on primary market.
v-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Table of stock data for letters G, H, I. Columns include Stock, Sym, Close, Net Chg. Rows include GLFentertainment, GXO Logistics, Gallagher, etc.

Table of stock data for letters M, N. Columns include M&T Bank, MGM Growth, MGW Resorts, etc.

Table of stock data for letters R, S. Columns include RELX, REXM, Ralph Lauren, etc.

Table of stock data for letters T, U, V. Columns include Tesla, TetraTech, TevaPharm, etc.

Table of stock data for letters W, X, Y, Z. Columns include Vistra, VMware, Veeva Systems, etc.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 3 p.m. the previous day.

Main table of stock data for letters A, B, C. Columns include ABB, AECOM, AEM, etc.

Main table of stock data for letters D, E, F. Columns include DISH Network, DTE Energy, DEXUS, etc.

Main table of stock data for letters J, K, L. Columns include JD.com, JPMorgan Chase, Jabil, etc.

Table of Dividend Changes. Columns include Company, Symbol, Yld%, Amount, Frq, Payable/Record.

Table of Dividend Announcements for March 17. Columns include Company, Symbol, Yld%, Amount, Frq, Payable/Record.

Table of Cash Prices for Thursday, March 17, 2022. Columns include Energy, Metals, Gold, per Troy oz, Silver, per Troy oz.

Table of Food prices for Thursday. Columns include Wool, 64s staple, Terr del-u-w, Beef, carcass equiv. index, etc.

Table of Exchange-Traded Portfolios. Columns include Symbol, Price, Chg YTD, Vol.

Table of Borrowing Benchmarks. Columns include US, Canada, Japan, Latest, Week, High, Low.

Table of Money Rates. Columns include US, Canada, Japan, Latest, Week, High, Low.

Table of Policy Rates. Columns include Eurozone, Switzerland, Britain, Australia, Latest, Week, High, Low.

Table of Overnight Repurchase. Columns include US, Latest, Week, High, Low.

Table of U.S. government rates. Columns include Discount, Federal funds, Effective rate, High, Low.

Table of Treasury bill auction. Columns include 4 weeks, 13 weeks, 26 weeks, Bid, Offer.

Table of Fannie Mae. Columns include 30-year mortgage yields, 30 days, 60 days.

Table of Other short-term rates. Columns include Eurozone, Switzerland, Britain, Australia, Latest, Week, High, Low.

Table of Call money. Columns include 2.25, 2.00, 2.25, 2.00.

Table of Commercial paper (AA financial). Columns include 90 days, 0.90, 0.49, 1.12, 0.04.

Table of Libor. Columns include One month, Three month, Six month, One year.

Table of DTCC GCF Repo Index. Columns include Treasury, MBS.

Table of Weekly survey. Columns include Latest, Week, High, Low.

Table of Freddie Mac. Columns include 30-year fixed, 15-year fixed, Five-year ARM.

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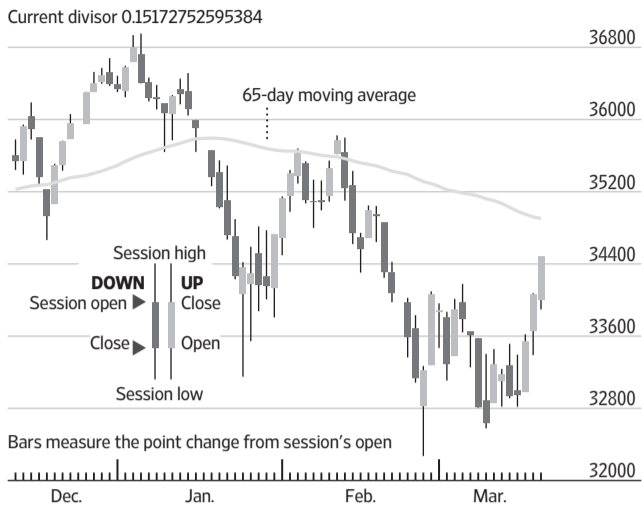
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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

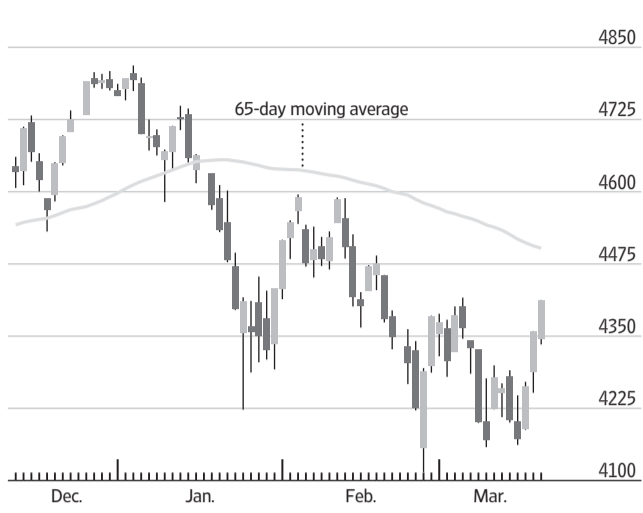
34480.76 ▲417.66, or 1.23%
Trailing P/E ratio 19.15 33.44
P/E estimate * 17.43 21.27
Dividend yield 2.05 1.81
All-time high 36799.65, 01/04/22



*Weekly P/E data based on as-reported earnings from Birming Associates Inc.; *Based on Nasdaq-100 Index

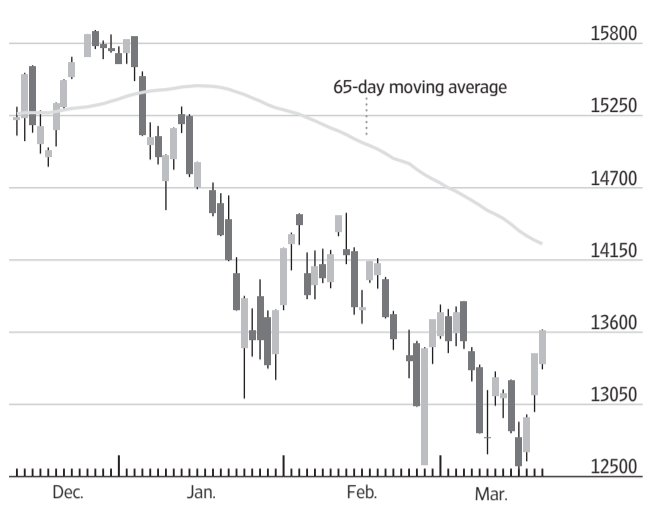
S&P 500 Index

4411.67 ▲53.81, or 1.23%
Trailing P/E ratio * 23.68 45.02
P/E estimate * 18.85 22.34
Dividend yield * 1.44 1.49
All-time high 4796.56, 01/03/22



Nasdaq Composite Index

13614.78 ▲178.23, or 1.33%
Trailing P/E ratio ** 30.25 37.25
P/E estimate ** 23.57 28.01
Dividend yield ** 0.78 0.78
All-time high: 16057.44, 11/19/21



Major U.S. Stock-Market Indexes

Table listing major U.S. stock market indexes including Dow Jones, Nasdaq Stock Market, S&P, and Other Indexes with columns for High, Low, Latest Close, Net chg, % chg, 52-Week High/Low, % chg YTD, and 3-yr. ann.

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges.

Most-active issues in late trading

Table of most-active issues in late trading with columns for Company, Symbol, Volume (000), Last, Net chg, After-Hours % chg, High, and Low.

Percentage gainers...

Table of percentage gainers with columns for Company, Symbol, Volume (000), Last, Net chg, After-Hours % chg, High, and Low.

Trading Diary

Volume, Advancers, Decliners

Table showing trading volume, advancers, decliners, and block trades for NYSE and NYSE Amer.

International Stock Indexes

Table of international stock indexes by region/country with columns for Index, Close, Net chg, Latest % chg, and YTD % chg.

Percentage Gainers...

Table of percentage gainers with columns for Company, Symbol, Latest Session Close, Net chg, % chg, High, 52-Week Low, and % chg.

Most Active Stocks

Table of most active stocks with columns for Company, Symbol, Volume (000), % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, and Low.

Percentage Losers

Table of percentage losers with columns for Company, Symbol, Latest Session Close, Net chg, % chg, High, 52-Week Low, and % chg.

Volume Movers

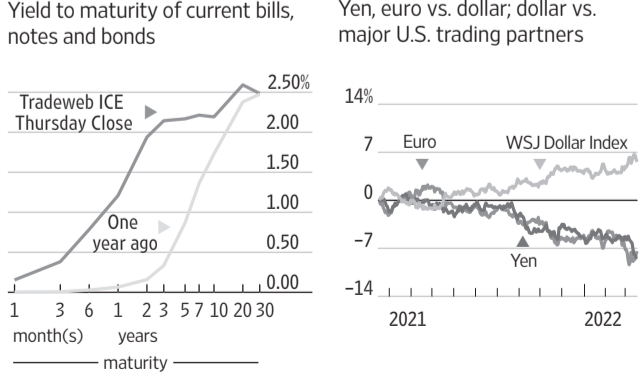
Table of volume movers ranked by change from 65-day average with columns for Company, Symbol, Volume (000), % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, and Low.

CREDIT MARKETS

Consumer Rates and Returns to Investor

Section containing U.S. consumer rates (5-year adjustable-rate mortgage, 5-year Treasury note yield) and Selected rates (Bankrate.com avg, Citizens Equity First Credit Union, Royal Savings Bank, etc.)

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table of corporate borrowing rates and yields for various bond indices including U.S. Treasury, Aggregate, Fixed-Rate MBS, High Yield 100, Muni Master, and EMBI Global.

CURRENCIES & COMMODITIES

Table of currencies and commodities including U.S.-dollar foreign-exchange rates and commodity prices like DJ Commodity, Refinitiv/CC CRB Index, Crude oil, Natural gas, and Gold.

wsj.com/market-data/commodities

COMMODITIES

Futures Contracts

Table with columns for Metal & Petroleum Futures, Copper-High (CMX), Gold (CMX), Palladium (NYM), Platinum (NYM), Silver (CMX), Crude Oil, Light Sweet (NYM), Gasoline-NY RBOM (NYM), and Natural Gas (NYM).

Table with columns for Agriculture Futures, Corn (CBT), Oats (CBT), Soybeans (CBT), Soybean Meal (CBT), Soybean Oil (CBT), Rough Rice (CBT), Wheat (CBT), Cattle-Feeder (CME), Cattle-Live (CME), Hogs-Lean (CME), Lumber (CME), Milk (CME), and Cocoa (ICE-US).

Table with columns for Interest Rate Futures, Ultra Treasury Bonds (CBT), Treasury Bonds (CBT), Treasury Notes (CBT), 5 Yr. Treasury Notes (CBT), 2 Yr. Treasury Notes (CBT), 30 Day Federal Funds (CBT), 10 Yr. Del. Int. Rate Swaps (CBT), Eurodollar (CME), and Japanese Yen (CME).

Table with columns for Index Futures, Mini DJ Industrial Average (CBT), Mini S&P 500 (CME), Mini S&P Midcap 400 (CME), Mini Nasdaq 100 (CME), Mini Russell 2000 (CME), Mini Russell 1000 (CME), and U.S. Dollar Index (ICE-US).

Source: FactSet

New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. * CHG-Daily percentage change from the previous trading session.

Table showing new highs and lows for various stocks, categorized by date (Thursday, March 17, 2022). Includes columns for Stock, Sym, Hi, Lo, Chg, 52-Wk %.

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Table showing bond benchmarks: Broad Market, U.S. Corporate Indexes, High Yield Bonds, U.S. Agency, Mortgage-Backed, and Global Government. Includes columns for Index, YTD total return, and Yield.

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Table showing investment-grade spreads for various issuers like Morgan Stanley, Vodafone, Lloyds Banking, etc. Includes columns for Issuer, Symbol, Coupon, Yield, Maturity, Current, and Spread.

...And spreads that widened the most

Table showing widened spreads for issuers like Medtronic, TTX, Nomura Holdings, Westpac Banking, John Deere Capital, Apple, Delta Air Lines, Toronto-Dominion Bank.

High-yield issues with the biggest price increases...

Table showing high-yield price increases for issuers like Lumen Technologies, Bath & Body Works, Sprint Capital, American Airlines, Dish DBS, Teva Pharmaceutical, Transocean, Liberty Interactive.

...And with the biggest price decreases

Table showing high-yield price decreases for issuers like Howmet Aerospace, Telecom Italia Capital, Bath & Body Works, Siemens, Dish DBS, Royal Caribbean, DCP Midstream Operating.

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose(▲) or fell (▼) in the latest session

Table mapping yields for countries like U.S., Australia, France, Germany, Italy, Japan, Spain, U.K. Includes columns for Country, Maturity, Yield, Spread, and Change.

Mutual Funds

Table listing mutual funds with columns for Fund, NAV, Net YTD Chg, %Ret, and Fidelity. Includes categories like American Century, American Funds, Fidelity, etc.

Table listing mutual funds with columns for Fund, NAV, Net YTD Chg, %Ret, and PGIM. Includes categories like Harbor Funds, American Funds, Fidelity, etc.

MARKETS

S&P 500 Extends Rally, Up 5% on Week

BY BEN EISEN
AND ANNA HIRTEINSTEIN

Stock indexes rallied for a third straight day, putting the S&P 500 on pace for its biggest weekly gain since late 2020.

Stocks started the day nearly unchanged but pushed into the green late in the morning, with gains accelerating into the end of the session. Indexes finished near their highs of the day.

THURSDAY'S MARKETS

The moves suggest traders are beginning to reassess the impact that the war in Ukraine will have on the U.S. stock market. Notably, stocks held on to gains despite a surge in crude prices, with investors saying they are taking oil-market gyrations spurred by the war in greater stride. Some investors said they were instead focusing on the improving value of U.S. stocks.

"It may stay volatile until Russia gets a little clearer, but underneath this is really good fundamentals," said Jim

Paulsen, chief investment strategist at Leuthold Group.

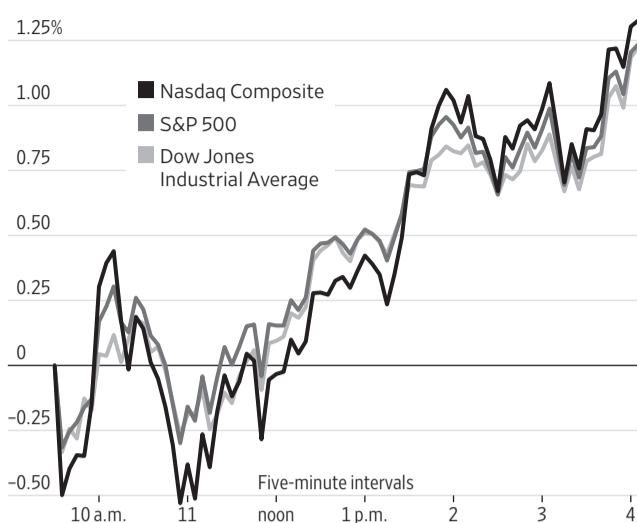
The S&P 500 finished the session up 1.2%, or 53.81 points, at 4411.67. It has climbed nearly 5% this week, which would represent its biggest weekly gain since November 2020. The broad-market gauge rallied more than 2% on both Tuesday and Wednesday. On Thursday, all 11 of the S&P 500's sectors were in the green.

The Nasdaq Composite Index rose 1.3%, or 178.23 points, to 13614.78. The Dow Jones Industrial Average added 1.2%, or 417.66 points, to 34480.76.

Some of the biggest market moves were in oil, which has been highly volatile because the war stands to curtail Russia's role as a major oil supplier. The U.S. crude benchmark added 8.35% to settle at \$102.98 a barrel. Brent crude, the global benchmark, rose 8.8% to \$106.64 a barrel.

The S&P 500 energy sector rose 3.5%. **Devon Energy** jumped 9.65%, or \$5.06, to \$57.52. **Occidental Petroleum Corp.** climbed 9.5%, or \$5.02,

Index performance Thursday



Source: FactSet

to \$58.01. **Marathon Oil Corp.** rose 6.9%, or \$1.48, to \$23.07. **Diamondback Energy Inc.** advanced 6.6%, or \$8.25, to \$133.88.

Recent gains came as the Federal Reserve said it would lift interest rates for the first time since 2018 to combat inflation, which is running at a

four-decade high. The central bank also penciled in six more rate increases this year.

The yield on the benchmark 10-year Treasury note rose slightly, settling at 2.192% from 2.185% on Wednesday, marking four straight days of rises. Yields rise when prices fall. Selling of shorter-dated

bonds, which are more heavily affected by changes in monetary policy, also eased, with the two-year yield declining to 1.939% after climbing for eight trading sessions.

Weekly jobless claims in the U.S. came in at 214,000, a decrease from the previous week and in line with economists' expectations.

Traders said they still have concerns about longer-term energy supplies and that the shunning of Russian oil by shipping companies and banks is hitting the market now due to preplanned trades ahead of the invasion.

The price of gold, a traditional haven asset, climbed 1.8%, or \$34.10, to settle at \$1,942.10 a troy ounce, breaking a four-session losing streak.

The pan-continental Stoxx Europe 600 closed 0.5% higher. The Russian stock exchange remained closed.

The Bank of England raised its policy rate to 0.75% from 0.5%, marking its third straight increase in as many meetings. The central bank

said economic growth in Britain was likely to slow due to higher energy prices and softened its guidance for further monetary tightening.

Chinese shares rallied for a second day, with Hong Kong's Hang Seng Index advancing more than 7% and the Shanghai Composite Index rising 1.4% to finish the day.

China's market will likely remain extremely volatile over the next few weeks, partly due to the war in Ukraine, as China relies on Russia for some commodity imports, said Adrian Zuercher of UBS. Extended lockdowns could also reduce company earnings, if China cannot bring its Covid-19 outbreaks under control soon, he added. China has vowed to keep the economic costs of containing its recent Covid outbreak in check.

Early Friday, the Hang Seng was down 1.7% but the Shanghai benchmark was up 0.2%. Japan's Nikkei 225 was up 0.3%. S&P 500 futures were down 0.7%.

—Clarence Leong contributed to this article.

Rate Move Doubles Value Of Crypto Startup's Deal

BY PETER RUDEGEAR

The Federal Reserve's decision to start raising rates has a surprising beneficiary: a cryptocurrency startup.

The new rate outlook helped crypto firm **Circle Internet Financial Ltd.** boost the valuation of its pending merger with a special-purpose acquisition company to \$9 billion. Circle issues a so-called stablecoin, called USD Coin or USDC, that is a popular vehicle to buy crypto because it is pegged to the U.S. dollar.

Circle had previously struck a deal last July to merge with the same SPAC, Concord Acquisition Corp., at a valuation that is 50% lower than what it attained in February. In the intervening seven months, Circle more than doubled its expected revenue for 2022 and 2023, creating a new windfall for the crypto firm—and its bankers.

At the higher valuation, the boutique investment bank that advised Circle, **Financial Technology Partners LP**, now stands to earn a record payday of more than \$800 million, according to a fee breakdown Circle detailed in prior securities filings. Circle disputes that it owes that much.

Circle issues new USD Coins when customers send it a corresponding amount in dollars. Circle then invests

those dollars in a portfolio of cash and short-term government securities to ensure USDC's convertibility. With about \$53 billion in USDC outstanding, the reserve portfolio that Circle manages is as big as a midsize U.S. bank.

Like a bank, Circle earns a yield on its book of assets, and that yield tends to rise when interest rates go up. In Circle's case, it anticipates earning an extra \$2.3 billion in interest income in the next two years, based on where in-

Circle's SPAC merger is now valued at \$9 billion as higher income is forecast.

terest-rate futures traded in mid-January and increased estimates of how much USDC will be in circulation by the end of 2023.

Unlike a bank, Circle doesn't pay any interest on customer funds and doesn't have the expense of maintaining a network of branches, tellers or ATMs, meaning more of that income lands on its bottom line. Circle does share a portion of the interest income on USDC reserves with Coinbase Global Inc., an ex-

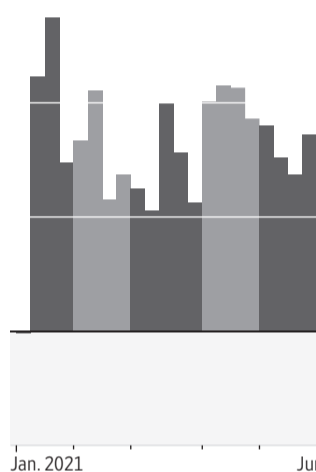
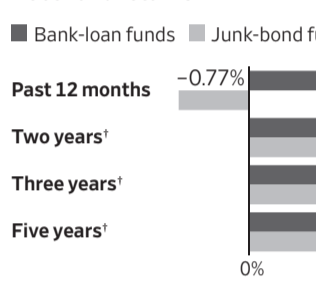
change that helps distribute USDC.

Circle's improved financial outlook is a reversal of fortune from just over two years ago. In 2019, Circle reported a net loss of \$179 million, mostly due to the sale of Poloniex, a troubled crypto exchange it had acquired a year earlier that faced fines for violating investor-protection laws and opening accounts for people in Iran, North Korea and other sanctioned countries. Circle then shifted its strategy to focus on developing USDC, though circulation at year-end amounted to only \$520 million.

Not long afterward, Circle hired FT Partners to help it raise money, according to people familiar with the matter. FT Partners regularly secures guarantees that clients will hire the firm for any deal they might do in the future and that they would pay the bank fees that ratchet up as a percentage of the sale prices and fundraisings it fetches, The Wall Street Journal reported in December.

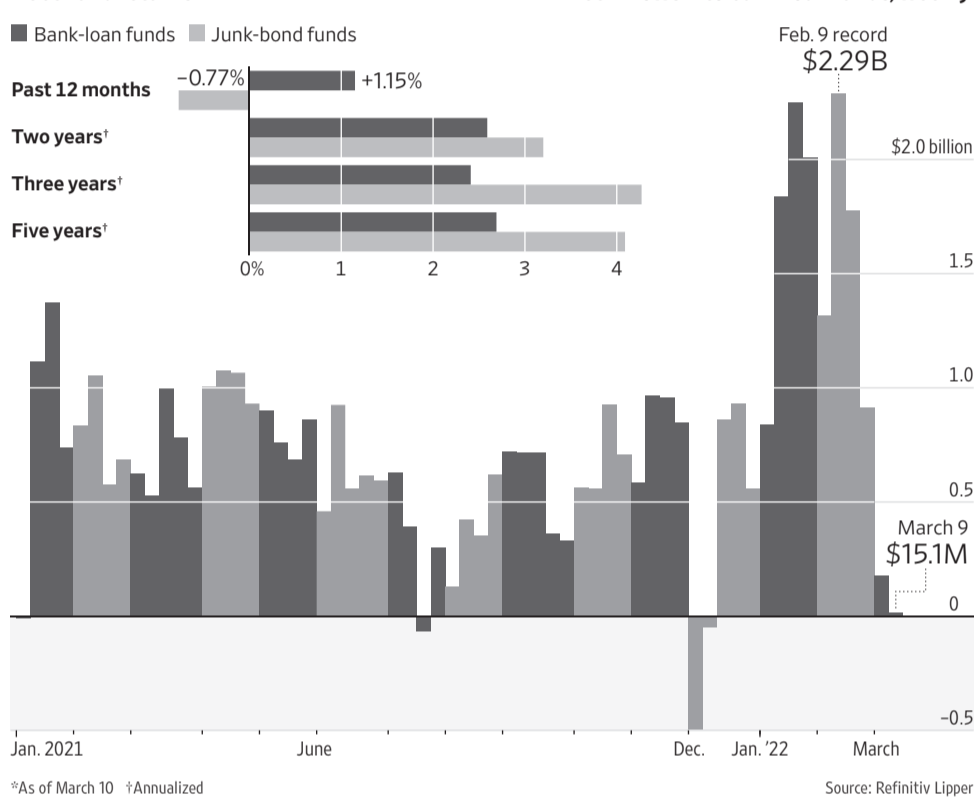
Circle agreed to both of those conditions when it engaged FT Partners, according to securities filings and the people familiar with the matter. The investment bank advised Circle on its original merger with Concord at a \$4.5 billion valuation.

Debt-fund returns*



*As of March 10 †Annualized

Net inflows into bank-loan funds, weekly



Source: Refinitiv Lipper

Demand for Bank-Loan Funds Slows as Investors Reassess Fed

BY JUSTIN BAER

A red-hot run for bank-loan funds is losing steam.

Investors poured tens of billions of dollars into the funds in the past year, betting that the floating-rate debt would help them weather the coming wave of interest-rate increases by the Federal Reserve.

Now, concerns that Russia's invasion of Ukraine and increasing energy prices could slow the U.S. economy have led some investors to question whether Fed policy makers will raise interest rates as aggressively as expected just a few weeks ago.

That, in turn, has sapped interest in the funds, which had net inflows of \$15.1 million in the week ended March 9, down from \$179.1 million a week earlier and a record \$2.29 billion the week of Feb. 9, Refinitiv Lipper said.

The pace of new money into bank-loan funds slowed for four straight weeks, according to Refinitiv.

"Everyone is rethinking the amount of rate raises we're going to see," said Brian Juliano, a portfolio manager at PGIM. "People are looking at the outperformance of the asset class and asking, 'Have I missed the boat?'"

Fed officials voted Wednesday to lift the benchmark federal-funds rate by a quarter percentage point, the central bank's first rate increase since 2018, and signaled they would increase rates six more times this year.

Unlike other forms of corporate debt including junk bonds, bank loans offer payments that rise or fall with the benchmark rate at which fi-

ancial institutions lend to one another. They typically yield less than high-yield bonds but perform better in periods of rising interest rates than fixed income.

Investors' interest in bank loans picked up late last year as many concluded that the jump in prices for consumer goods and commodities wouldn't slow soon, prompting the Fed to tighten monetary policy.

The flows into floating-rate funds accelerated this year as economists began to predict the Fed would move to raise rates faster than previously expected.

The funds, for which new client money has exceeded withdrawals for 13 straight weeks, started the year on a roll. Their three all-time best weeks for net inflows have occurred in 2022, Refinitiv said.

Returns on bank-loan funds outperformed those of nearly every other category of taxable-debt investments in the past year, including high-yield and highly rated bond funds, Refinitiv said.

As of March 10, loan funds were up by an average of 1.15% in the past 12 months. Junk-bond funds declined 0.77% during that same period.

The funds' jump in popularity coincided with an increase in the supply of loans. Banks issued a record amount of leveraged loans in 2021 amid a surge of private-equity takeovers, giving managers of floating-rate funds at firms such as PGIM, Morgan Stanley's Eaton Vance Management and Lord Abbett & Co. plenty of deals to choose from.

The worst-case scenario for bank-loan investors now

would be an economic downturn that hampers companies' ability to repay their debts.

So far, fund managers say they see few signs of that. "We still have historically low default rates," said Kearney Posner, a portfolio manager at Lord Abbett. "Earnings are strong. Consumers have been fortified by the stimulus and monetary policies."

Inflation often accelerates during wartime, Ms. Posner said, and the Fed will have to raise rates to get it under control—even if it does so more gradually.

And even if the economy deteriorates, bank loans might fare better than other corporate debt, said Christopher Remington, an institutional portfolio manager at Eaton Vance.

"When the stock market gets the flu, high yield catches a cold and bank loans get the sniffles," Mr. Remington said. "That's the cosmic order of things."

AUCTION RESULTS

Here are the results of Thursday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

FOUR-WEEK BILLS

Applications	\$152,779,744,900
Accepted bids	\$48,950,044,900
* noncompetitively	\$717,292,600
* foreign noncompetitively	\$59,000,000
Auction price (rate)	99.985222 (0.1395)
Coupon equivalent	0.1395%
Bids at clearing yield accepted	95.08%
Cusip number	912796190

The bills, dated March 22, 2022, mature on April 19, 2022.

EIGHT-WEEK BILLS

Applications	\$123,806,915,300
Accepted bids	\$38,073,797,300
* noncompetitively	\$189,996,400
* foreign noncompetitively	\$41,000,000
Auction price (rate)	99.953333 (0.300%)
Coupon equivalent	0.3004%
Bids at clearing yield accepted	54.02%
Cusip number	912796198

The bills, dated March 22, 2022, mature on May 17, 2022.

New Highs and Lows

Stock	Sym	52-Wk % Hi/Lo Chg	Stock	Sym	52-Wk % Hi/Lo Chg	Stock	Sym	52-Wk % Hi/Lo Chg	Stock	Sym	52-Wk % Hi/Lo Chg
Continued From Page B9											
ParabellumAcq/Wt	PBBUS	0.22 -0.2	RMGAcq/Wt	RMGW	0.33 -1.0	SeniorConnect Wt	SNRHV	0.24 -4.0	StyveFoods/Wt	SNMHW	0.19 -1.7
Pendtoil Wt	POOTUS	0.29 -9.4	RallyBio	RVLV	7.95 4.1	SeraPrognostics	SERA	3.28 1.5	SummitHth/Wt	SMHW	0.19 -28.7
PendtoilAcq/Wt	POOTU	9.73 -0.6	RetailValue	RVLV	2.72 -3.4	7Acq/Wt	7ACW	3.28 1.5	TPBACq/Wt	TPBAW	0.40 -7.0
PosidonHth/Wt	PHWCW	0.24 -22.1	RoseHillAcq/Wt	ROSHW	0.21 6.4	SidusSpace	SIDU	3.24 4.7	T2P Strategies Wt	TZPSW	0.18 -4.9
Qilantini	QIL	1.49 -4.3	SandbridgeX/Wt	SBLWS	0.38 -18.5	SimonProp/Wt	SPGWS	0.40 -11.2	TailwindTwoA	TWNTW	8.79 -2.1
			SculptorAcq/Wt	SCUWS	0.34 -10.4	SkyLightHthPfdA	SLHGP	8.01 -4.3	TailwindTwo	TWNTU	9.10 -3.2
			SecureWorks	SCWCW	10.54 -11.9	SpindletopHth	SPHCU	10.01 0.5	TechStarTelecomA	TETE	9.89 --
									TristarAcq/Wt	TRISW	0.26 -18.2
									TCRX	TCRX	3.30 -4.6
									Tuscan/Wt	TSCAW	0.14 -39.2
									Zovia	ZVO	0.97 -2.4

Get this with your money at a typical auto parts store.

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FINANCIAL ANALYSIS & COMMENTARY

Netflix Is Sticking to Its Script

Streaming leader unlikely to dabble in ads or staggered releases to address subscriber slowdown

As Netflix prepares to launch the next season of one of its biggest shows ever, investors shouldn't be expecting the streaming leader to start cribbing pages from its rivals' scripts.

The second season of "Bridgerton" will be released next week. The first season from late 2020 ranks as the company's most popular English-language TV series ever, in terms of hours viewed in the first 28 days. But the latest release comes as Netflix faces a much tougher audience on Wall Street concerned about the company's ability to keep growing its subscriber base at the rate to which investors have become accustomed. Despite a strong run over the past two days, Netflix shares lost nearly half their value from the stock's peak in mid-November and are down 41% for the year—the worst performance in the S&P 500 Media & Entertainment Group.

A drop that severe naturally gave rise to speculation about what new approaches Netflix could take to rejuvenate paid subscriber growth, which averaged 24% annually from 2016 to 2020 but managed 9% last year. The most common rumor has Netflix launching an advertising-supported tier. The company long denied interest in such an offering, but Chief Financial Officer Spencer Neumann told a Morgan Stanley investment conference last week that "it's not like we have religion against advertising," adding "never say never." Those comments came a few days after Disney unveiled plans to launch an ad-supported tier later this year. HBO Max, Peacock and Paramount+ all do so already.

Mr. Neumann made clear at the event that advertising is "not something that's in our plans right now." And while Netflix may not have a religion against it, advertising has long been dismissed by founder and co-Chief Executive Officer Reed Hastings as a business option. In a quarterly call in early 2020, he noted that online advertising is dominated by Google,



LIAM DANIEL/NETFLIX

All of the new 'Bridgerton' episodes will be available at the same time, in contrast to what other streamers do.

Facebook and Amazon—much bigger companies that garner deep levels of consumer data to target ads effectively. "To keep up with those giants, you've got to spend very heavily on that and track locations and all kinds of other things that we're not interested in doing," Mr. Hastings said.

Another option Netflix could consider would be to adopt a more staggered release practice for its TV shows. All eight episodes of the new "Bridgerton" season will be available at the same time, following a long-established preference by Netflix for binge-worthy content dumps. But that now stands in contrast to other streamers that tend to release their new TV shows episodically. More than 70% of all TV shows released so far by Disney, Apple TV+ and Paramount+ have followed a staggered release schedule, while HBO Max releases more than half its TV shows in such a manner, according to Ampere Analysis.

The practice allows streamers with slimmer catalogs of original

content to mitigate the risk of subscribers jumping onto the service and canceling after watching their favorite program. But even Netflix—with its deep library of original movies and shows—could face the risk of increased subscriber churn. Competition has grown significantly over the past two years and most of it is priced well below Netflix.

Netflix might be getting less bang for its content buck lately. Justin Patterson of KeyBanc Capital Markets estimates the service averaged about 2.2 viewing hours per subscriber for its two most recent hit series—"Inventing Anna" and the second season of "The Witcher"—compared with a median of 3.8 viewing hours per sub for popular shows before the pandemic.

Netflix has dabbled in staggered releases, such as with a few of its reality shows. And the next season of the blockbuster hit "Stranger Things" will come in two parts starting in May due to what its creators described as a total run time nearly double the length of

previous seasons. But it is unlikely to ever move fully away from the binge model it pioneered; co-CEO Ted Sarandos told investors in an April 2020 call that "customers have spoken loud and clear that they really like the options of the all-at-once model for us."

That will leave Netflix investors to focus on more traditional measures, such as revenue and profitability. Revenue growth is indeed expected to outpace subscriber growth over the next three years, according to FactSet estimates. Michael Pachter of Wedbush, who upgraded Netflix to a neutral rating last week after rating the stock as a sell for more than a decade on valuation, noted that the company's first-mover advantage and large subscriber base provide Netflix "a nearly insurmountable competitive advantage over its streaming peers." At the very least, no other streamers will convince millions of Anglophiles to clear their calendars next weekend.

—Dan Gallagher

China Home Market Needs More Than Talk

It took only some positive comments from Beijing for Chinese stock markets to go from gloom to euphoria in a single day. Turning around the sluggish housing market might require more time and much more concrete measures.

Beaten-up shares of Chinese developers jumped along with the market as investors took their cue from policy makers' comments that policy easing could be on its way. Shares of many beleaguered developers, however, are still way below their peaks. Sunac China soared 59% on Thursday. But that basically returns the stock to where it was two weeks ago.

Chinese officials on Wednesday said they would introduce "powerful and effective" measures to mitigate risks in property companies and to facilitate their transformation to a new development model. The central bank said it would prevent and resolve risks in the housing market. The government won't expand its property-tax trials this year. The positive tone might give some hope to investors, but how much substance there will be to whatever policies are rolled out remains unclear. The government started easing some restrictive policies late last year, but so far that hasn't lifted the housing market from its slump.

Recent data releases paint an ugly picture. Official data out Tuesday showed the value of housing sold in the first two months of 2022 fell 22% year over year, but earlier data from developers looks worse. Contracted sales for top 100 developers fell 43% in January and February from the previous year, according to Nomura. And new-home prices fell for a sixth straight month in February. The housing market might continue to be weak over the next two months given the flare-up of Covid-19 in many cities.

Household medium-to-long-term loans, a proxy for mortgages, also recorded a decrease for the first time in 15 years in February even though mortgage rates have started to come down, according to Goldman Sachs. Given the slowing economy, it might take longer for buyers to come back to the market, especially in smaller cities.

That poses challenges for weaker developers, especially as it remains difficult for them to raise funds from other sources. According to Goldman Sachs, total funding for developers fell 18% year on year in February. Bond yields have risen since the beginning of the year.

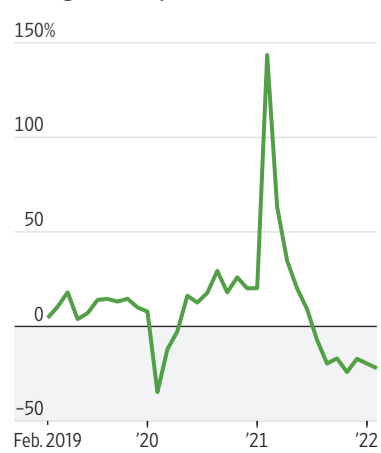
Consolidation in the sector will continue as the government allowed credit to continue to flow to large, mostly state-owned, developers to aid acquisitions. But progress could be slow as big developers will worry about hidden debts while potential sellers will want to hang on to their better projects.

Life might therefore remain difficult for many cash-strapped developers unless Beijing opens the credit tap for them again, too. But such a move could reverse the previous year's strenuous—and costly—effort to reduce ballooning debt in the sector. For example, the local government of Zhengzhou said this month it will accelerate its slum-redevelopment program—basically handing out cash to households to buy housing inventories from developers. The program, rolled out in many cities in 2016 and 2017, was successful in running down inventories but pushed up land prices and local government debts.

Investors are quick to jump back into the stock market when policy signals shift. But home buyers might take significantly longer to return—and that is bad news for debt-laden developers.

—Jacky Wong

China's monthly new home sales, change from a year earlier



Source: Wind

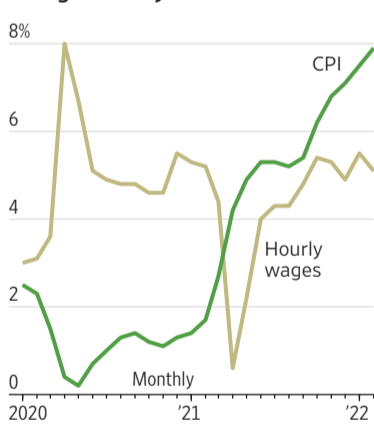
Inflation Could Squeeze Dollar Stores, Too

With U.S. inflation running at a 40-year high, it is getting tougher for consumers to stretch their dollars. That might seem like a bonanza for a retailer like Dollar General, but the picture is actually a bit more complicated.

Dollar General reported Thursday that same-store sales declined 1.4% in the fourth quarter ended Jan. 28 from a year earlier, which was slightly worse than analyst expectations of a 0.8% decline. Customer traffic dropped, though the average basket size grew. That is partly due to inflation, but shoppers also were buying one more item on average compared with pre-pandemic levels. By the end of 2021, it had grown to an average of six items worth \$16, up from five items worth \$13 at the end of 2019.

Inflation is pinching Dollar General in several ways. One is on its gross margin line, which was 31.2% in the fourth quarter, a decline of 1.3 percentage points from a year earlier, as transportation and distribution became costlier. Capital expenditures are another issue;

Wages and consumer-price index, change from a year earlier



Source: U.S. Bureau of Labor Statistics via St. Louis Fed

higher steel costs are expected to make new store openings more expensive, said Chief Executive Todd Vasos on an earnings call. For 2022, capex is set to be roughly 4% of revenue, higher than the typical range of 2.5% to 3%.

Dollar General is trying to compensate. Notably, the retailer plans to rely less on third parties for

hauling goods. By the end of 2022, its private fleet is expected to make up 40% of the tractors used to transport goods from distribution centers to stores, up from 20% at the end of 2021. It also is continuing its rollout of self-distribution on frozen and refrigerated items, which already is yielding cost savings.

The more concerning—and unpredictable—effect of inflation is what it might do to the economic health of low-income people who comprise Dollar General's core customer base. One worrying indicator is that inflation has been outpacing growth in wages for almost a year. Federal stimulus payments and expanded child tax credits also both ended last year, taking away an important boost to wallets. While there is consensus that lower-income consumers are getting pressured, there is divergence among analysts on what that means for dollar stores.

Bulls say that a stretched consumer should boost traffic as long as the job market is so robust. Mr. Vasos was upbeat, saying that the

economic health of low-income consumers depends on whether they are employed. He also said that when gasoline prices hit \$4 a gallon, consumers tend to stay closer to home. That should be an advantage to Dollar General, whose stores tend to be closer to homes compared with larger retailers.

But things could look worse first before they get better. Scot Ciccarelli, analyst at Truist Securities, notes that going into the 2007-09 recession, as low-income consumers started getting squeezed first by sharply rising food and gas prices, same-store sales at dollar stores declined toward the end of 2007. Only starting in 2008, when unemployment levels started spiking, hitting higher-income consumers too, did dollar stores begin thriving as more shoppers traded down.

Better-than-expected growth at Dollar General could, unfortunately, end up being a negative indicator for the U.S. economy overall.

—Jinjo Lee

Court Drama Clouds Recovery for Cineworld

The owner of the Regal movie-theater chain won't breathe easy even when it recovers from a bad case of long Covid.

Cineworld Group, the London-listed company that bought Regal in 2018, is banking on consumers quickly returning toward pre-pandemic moviegoing habits this year. On Thursday, alongside reporting annual results, it laid out a base case for 2022 that involves its admissions rebounding to 85% of their 2019 level in the U.S. and 90% in the U.K.

The company said this scenario would allow it to pass a June covenant test on its revolving credit facility. It might give it a window to refinance expensive debt accumulated during the pandemic and potentially to seek a U.S. listing to fix its debt-heavy capital structure. Conversely, Cineworld said it

would fail the covenant test under a "severe but plausible" scenario of admissions in April and May instead being 43% of 2019 levels. Given the risks, it is exploring additional sources of liquidity.

How realistic is Cineworld's base case? Including spending at the box office and on popcorn, soda and the like, revenue jumped to 90% of the 2019 total in October after the new James Bond film was released, but remained at 64% as recently as February. So far in March the number is 86%, thanks to "The Batman." So everything depends on the unpredictable question of whether coming blockbusters will be hits or flops.

Chief Executive and anchor shareholder Mooky Greidinger was upbeat about the prospects for the second quarter and a trio of blockbuster releases: "Doctor Strange in

the Multiverse of Madness," "Top Gun: Maverick" and "Jurassic World Dominion." He wouldn't have used his Israeli family business to mount takeovers of first Cineworld in the U.K. and then Regal without an optimistic outlook on life.

In any case, Cineworld stock, which has fallen back toward its pandemic lows over the past year, isn't a straightforward reopening play for investors. Even if everything goes well, it faces a legal case out of proportion with its capital structure.

In December a Canadian court awarded 1.23 billion Canadian dollars, equivalent to roughly US\$1 billion, in damages to Cineplex for lost synergies after Cineworld called off its takeover. Mr. Greidinger announced the deal in December 2019, shortly before the pandemic, and pulled out six

months later as the scale of the crisis became clear, citing a "material adverse effect."

Cineworld is appealing the judgment. Presumably the case will end in some kind of settlement: With a market value of less than \$700 million and almost \$5 billion of debt, the company can't possibly afford the scale of damages awarded to what it called an "unsecured creditor." Still, the process could drag on for years, clouding the case for buying the stock. Even a far smaller payout could have a big impact on Cineworld's market value.

Investors' reluctance to buy back into the company even at today's stock price, which equates to roughly two times 2019 profits, is understandable. Nail-biting courtroom drama makes for better movies than investments.

—Stephen Wilmot

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\$105 Million
Hedge-funder buys former Henry Ford II estate. **M2**

MANSION

Seth Meyers
Waiting 'til the last minute is perfect timing for him. **M16**



HOMES | MARKETS | PEOPLE | REDOS | SALES

THE WALL STREET JOURNAL.

Friday, March 18, 2022 | **M1**



BOLD WALLPAPER + BRIGHT-COLORED TILES

Porcelanosa tiles



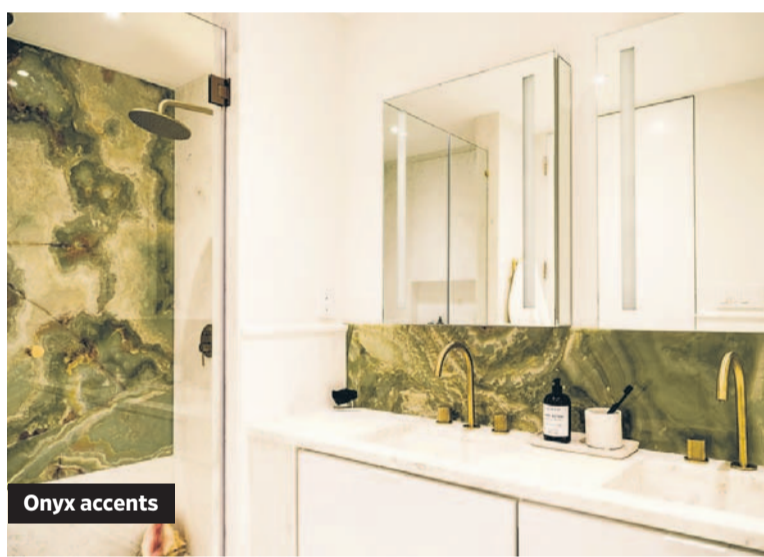
Avi and Laura Fisher in their renovated Brooklyn, N.Y., brownstone, which maintains its original archway.



Nood Co teal sink: \$1,090

The Bathroom Goes Deluxe

Designers are flush with bold color and fixture options as wealthy homeowners spend big to make a statement in an often bland space, ignoring conventional wisdom that they will tire of the look, or that it could hurt resale value



Onyx accents

The Fishers wanted 'color and life and pop' in their 3½ renovated bathrooms. Each one has a distinct look and feel, which they got by using patterned wallpaper, bright colored tiles and non-porcelain fixtures, including a concrete sink with a modern design.



Zellige tiles: \$15,000

BY ALINA DIZIK

Laura and Avi Fisher committed to a \$1,090 concrete sink basin from Nood Co for their powder room in the Park Slope area of Brooklyn, N.Y. The price and round-edge style isn't that remarkable, but the color is: teal.

The couple ignored conventional wisdom that they would soon grow tired of any color used in basic fixtures, or that it could devalue the home should they want to resell. "We still wanted a little color and life and pop," says Mr. Fisher, a luxury-complex developer.

To that end, the couple chose matching wallpaper for the room by Spoonflower that features a small pattern of cartoon nude women riding tigers, leopards and other animals. "In the past, we've done a more neutral palette, but it was never for our forever home," he added. The couple completed this year a two-year renovation of their 120-year-old, four-bedroom Victorian townhouse. He says he and his wife, an attorney, both 40 years old, have no plans to move.

The townhouse has original details, including an entry door, the curved staircase banister and an archway. Most of the living areas are toned down, featuring, for example, new herringbone oak floors.

The 3½ bathrooms, on the other hand, are bold and modern. Mr. Fisher used another teal accent in

Please turn to page M6



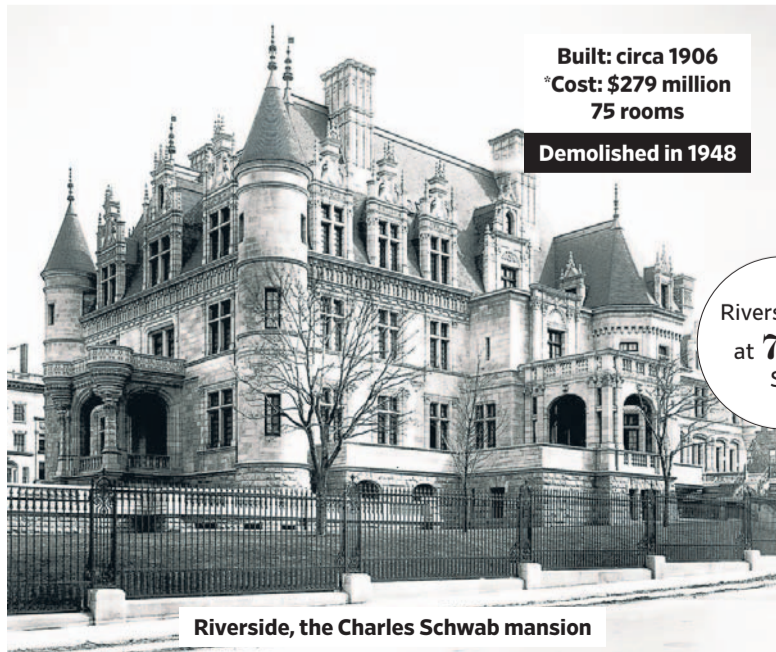
MODERN SILHOUETTES + MATTE FINISHES

Kast Concrete Basins: \$1,995

Jungle-theme wallpaper in a home in Chicago's Lincoln Park

The Real Houses of 'The Gilded Age'

The palatial and ornate Manhattan mansions depicted on the hit HBO series, 'The Gilded Age,' once existed, but have almost all been demolished. A look at then and now.



Built: circa 1906
***Cost: \$279 million**
75 rooms

Demolished in 1948

Riverside Dr. at 73rd St.

Riverside, the Charles Schwab mansion



The Schwab House

*ALL BUILDING COSTS ARE IN TODAY'S DOLLARS

BY CANDACE TAYLOR

HBO'S HIT SERIES "The Gilded Age," set in 1880s Manhattan, was filmed at a number of historic mansions dating back to the famously ostentatious era. But most are located in Newport, R.I., or Troy, N.Y., according to an HBO spokeswoman—virtually no filming took place in Manhattan.

Why? Because the palatial Gilded Age mansions of New York City have almost completely vanished. Starting around 1880, New Yorkers built some of the largest and most elaborate houses the country had ever seen. On Fifth Avenue, Riverside Drive and elsewhere in the city stood free-standing homes modeled after European palaces, some with more than 100 rooms and spanning entire city blocks. Yet within a few decades, virtually all of these massive houses had been demolished. "These amazing mansions that were built along Fifth Avenue—many of them have been destroyed," said Helen Zoe Veit, an associate history professor at Michigan State who is a historical

Please turn to page M10

CHRIS SOREISEN FOR THE WALL STREET JOURNAL (5); TONY SOLURI

BETTMANN ARCHIVE/GETTY IMAGES; ZACK DEZON FOR THE WALL STREET JOURNAL

PRIVATE PROPERTIES

\$105 MILLION
42 acres, oceanfront, carriage house, pool, sports courts



‘Wizard of Oz’ Is the Mystery Buyer of the Fordune Estate

Australian hedge-fund manager Greg Coffey was the buyer behind a \$105 million deal for the oceanfront Fordune estate in the Hamptons late last year, according to people familiar with the situation.

The sale of the Southampton compound, built for auto mogul Henry Ford II around 1960, was one of the largest recorded transactions in Hamptons history, though the closing price was significantly shy of the property’s original asking price of \$175 million. The estate was first listed for sale in 2017. The seller was Brenda Earl, a former partner at the private-equity firm Zweig-Dimenna.

Ms. Earl and Mr. Coffey didn’t respond to requests for comment.

The property comprises about 42 acres with a roughly 20,000-square-foot main house with 12 bedrooms, as well as a carriage house and sports courts. There is also a 60-foot-long pool.

The deal is the latest major buy by Mr. Coffey, 50, who is nicknamed the “Wizard of Oz” for his impressive investor returns. Mr. Coffey purchased an Upper East Side townhouse for \$53.5 million last year from New York real-estate developer David Levinson. That property dates to the 1920s and has more than 16,000 square feet of living space, records show.

Mr. Coffey rose to prominence as a trader, posting impressive returns at London-based GLG and later becoming co-chief investment officer for European business at Louis Bacon’s Moore Capital Management. He temporarily retired in 2012, but now heads Kirkoswald Asset Management, a New York-based investment firm.

The Hamptons deal was brokered by Bespoke Real Estate and Julia B. Fee Sotheby’s International Realty.

—Katherine Clarke

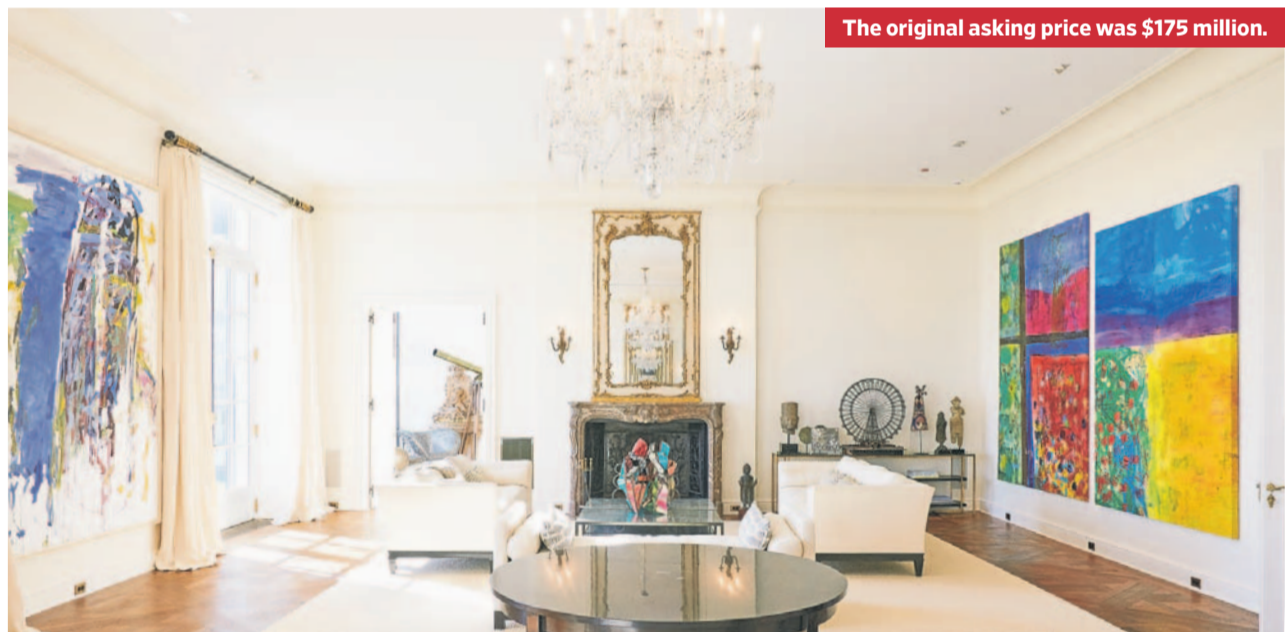
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The original asking price was \$175 million.

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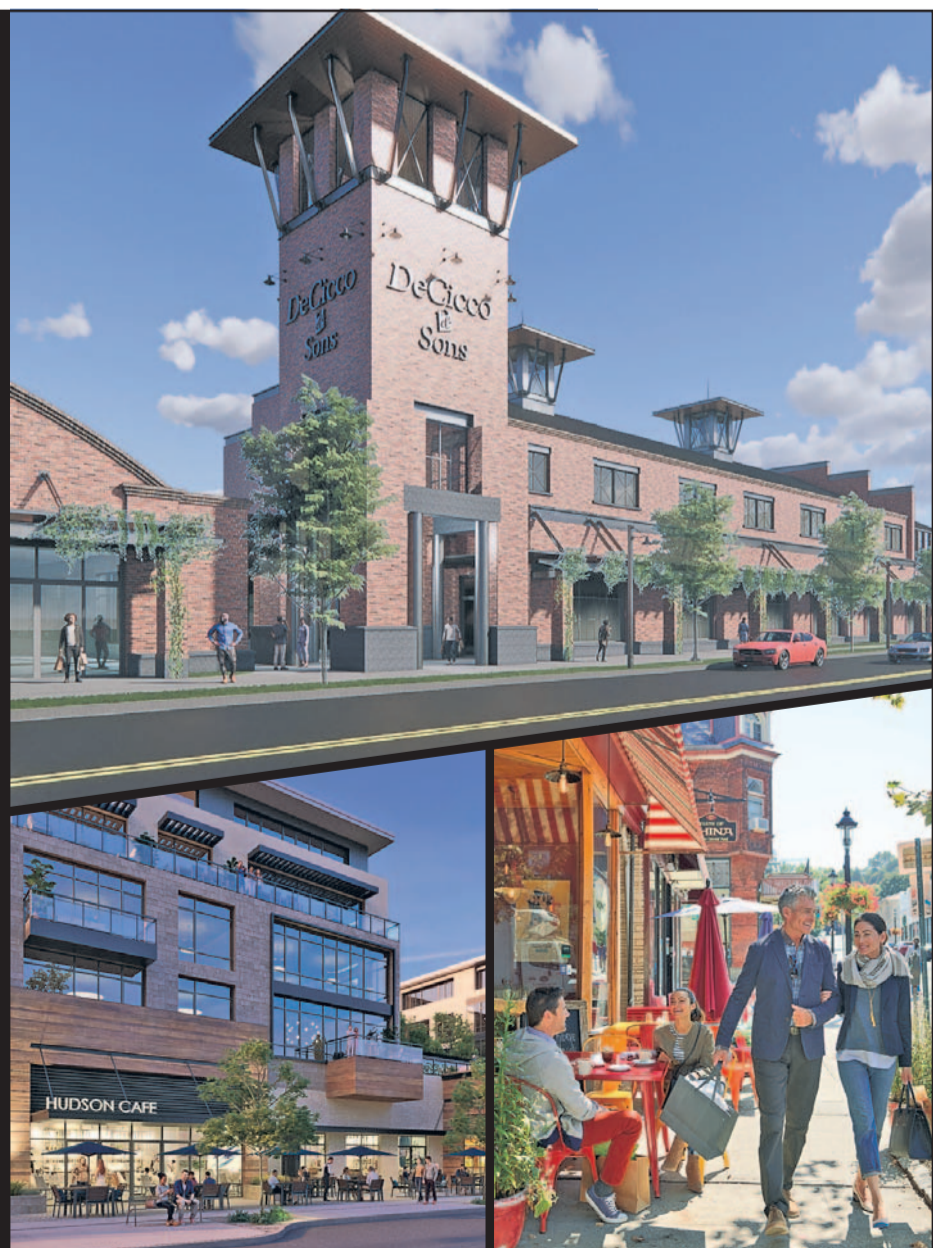
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MANSION

LIVING HISTORY

A Home That Pays Homage To Fallingwater

The Garrison, N.Y., property, was built by Spanish architect Paul Mayén and the son of the owner of the famous Frank Lloyd Wright home

By ANTHONY PALETTA

Frank Lloyd Wright's Fallingwater, built for Edgar Kaufmann in Mill Run, Pa., in 1939, is one of the most famous homes in the world. You can't live in that museum, but you could live in Water Run, a house built for Mr. Kaufmann's only child, Edgar Jr., and designed with nods to the Wright masterpiece.

The 13.9-acre property in Garrison, N.Y., includes a two-bedroom main house built in 1975 linked to a three-bedroom guesthouse added in 1995, as well as several outbuildings and formal gardens. The combined living space totals 7,500 square feet. It is listed for \$2.995 million.

The owner, Marylyn Dintenfass, 78, is an artist whose works can be found at the Metropolitan Museum of Art and the Smithsonian American Art Museum, among others. She and her husband, John Driscoll, owner of New York's Driscoll Babcock Galleries, bought the property for \$1.975 million in 2003 and used it as their country retreat. Dr. Driscoll died in 2020 at age 70. Ms. Dintenfass has purchased a smaller home nearby and is selling the property.

The house was designed in 1975 by Paul Mayén, a Spanish architect and partner of Edgar Kaufmann Jr. Mr. Mayén was a fellow at Taliesin, Wright's architecture school in Scottsdale, Ariz., and was founder and owner of the furniture company Habitat International, based in New York City. His architectural work included the Fallingwater visitor center, home projects for friends and this house, which he used as a weekend home from 1975 until 2000.

Mr. Kaufmann Jr., also a Taliesin fellow, went on to a career in New York City as director of the industrial design department at the Museum of Modern Art and as an adjunct professor of architecture and art history at Columbia University. He was an avid art collector who hung Picasso and Miró pieces in the Garrison home, according to Mr. Mayén's nephew, antiques dealer Aldo Radozcy, a frequent visitor to the home. "They had open arms for anyone



who loved design," he said.

Lynda Waggoner, former director of Fallingwater, made multiple visits to the property when Mr. Mayén and Mr. Kaufmann were residing there. "Paul had a fabulous sense of humor and there was charm and delight and humor throughout that whole place," she said.

After his partner died in 1989, Mr. Mayén used the house until his death in 2000, when he willed it to Mr. Radozcy. Mr. Radozcy sold it in 2003 to the current owner.

Paul Mayén's initial single-story oval structure consists mainly of social spaces with broad views of the home's gardens, as well as two diminutive bedrooms resembling Wright's in Fallingwater.

He had other influences, from early modernism to somewhat groovier '70s elements, such as the white Carrara marble alternating with reflective gray lacquer wood panels.

The home isn't built over a stream as Fallingwater was, but one flows by just a few feet outside, providing a similar burbling charm.

The guesthouse that Mr. Mayén had added in the 1990s is a colorful postmodern, two-story, triple-gable structure with an indoor pool. It was designed by architect Leslie Armstrong.

The structure is linked to the main house by an enclosed walkway with a bright-red tile floor. Mr. Mayén had the architect extend the red-tile lane through the home and between two cantilevered dining tables that can be joined into one big table with a panel. Later, the red lane was extended by a bridge over the pool



Listing price: \$2.995 million

The main house, left, and the added three-gable guesthouse, above. Far left, current owner, artist Marylyn Dintenfass. Below, Frank Lloyd Wright's Fallingwater.



by Ms. Dintenfass and Dr. Driscoll at Ms. Armstrong's suggestion. It ultimately ends at a doorway.

Ms. Dintenfass confessed to being initially unsure about the house, but she soon came to embrace Mayén's aesthetic.

"This house is so individual and so personal," she said. "He wasn't making it for anybody else to live in or for anyone else to buy. It was his art, and in art, the more personal it is, the more universal it becomes."

She said she and her husband made limited alterations to the original home. In addition to the pool bridge, they converted one room into a library, installed solar panels to heat the pool water, added several terraces and additional doors to the exterior, and made a number of garden improvements. The updates cost about \$800,000.

The home's gardens feature Italian, English and Japanese ele-



The library in the main home

ments dotted with two grottoes, a tennis court, ponds, sculptures, and ornamental structures, such as a neoclassical pavilion, an obelisk, an echo garden and a small pyramid. Mr. Radozcy said his un-

cle found inspiration for his garden creations from far-flung sources around the world.

The listing agent is Richard Ellis of Ellis Sotheby's International Realty.

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PRIVATE PROPERTIES



Former Meta Executive David Marcus Buys in L.A.

Former Meta executive David Marcus has purchased a \$37 million mansion in Los Angeles, according to people familiar with the deal.

Designed by California megamansion architect Paul McClean, the six-bedroom Bel-Air mansion includes a tri-level waterfall feature that flows into a reflecting pool, a swimming pool, a large outdoor deck, a gym and wellness area, a 20-person theater and a temperature-controlled wine room, according to the listing. The property was listed for \$41 million.

The house was constructed by real-estate developer Zach Vella, records show. Mr. Vella purchased the site, which then included an older home, for \$6.495 million in 2013, according to records. The older home was subsequently torn down.

Mr. Marcus led Meta's heavily scrutinized crypto-

currency initiatives before stepping down last year to pursue entrepreneurial

projects outside the company, The Wall Street Journal reported. He joined the company in 2014 to run Facebook Messenger, then oversaw Facebook's expansion into

blockchain-based financial technology, including a new cryptocurrency initiative formerly known as Li-

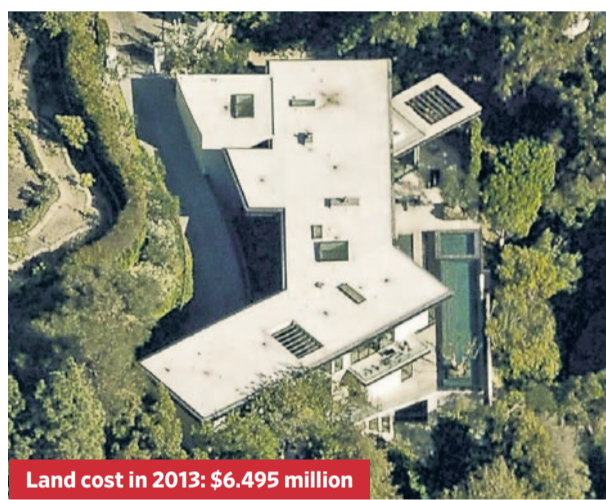
bra, then Diem. Those efforts came under fire from regulators.

The house is just Mr. Marcus's latest real-estate buy. In 2020, a company tied to Mr. Marcus purchased a \$22 million estate in Atherton, Calif., records show.

David Parnes and James Harris of the Agency had the listing. The buyer was represented by Kurt Rappaport of Westside Estate Agency.

—Katherine Clarke

SOLD
\$37
MILLION
6 bedrooms,
pool, gym,
theater



Land cost in 2013: \$6.495 million

A Boston-Area Home Lists for \$15 Million



A home in the Boston suburbs is listing for \$15 million, making it one of the most expensive listings in the area.

The six-bedroom, roughly 10,000-square-foot home is located in Westwood, about 20 miles southwest of Boston, said listing agents Jay Boyle and Ruth Kennedy Sudduth of LandVest.

The sellers, Monica Esposito and her husband, artist Domenic Esposito, bought the roughly 36-acre property in 2014 for \$5 million for its wooded land and lake views; they then custom-built the contemporary-style home with RBL Architects and Meichi Peng Design Studio, according to Ms. Esposito. The project, which cost \$10 million to \$12 million, was completed in 2017, she said.

"As soon as you step on the property, you feel like you're in Vermont," said Ms. Esposito, 49. They built the back of the house with glass to maximize views, she added. "Because we loved the surroundings so much, it was important to build a house where the outside came in."

They are selling because they plan to buy a smaller home in Boston proper now that two of their four daughters are grown, and the third will leave for college in the fall, she said. They are also considering buying a second home in Florida.

The open-plan kitchen and living room has a wood-burning fireplace and a wine cellar that holds about 2,800 bottles. The basement has an art studio and home theater, and the guest wing, connected to the main house by an enclosed bridge, has two bedrooms, a gym and a kitchen, said Ms. Esposito.

Outside, a patio with a pizza oven and an infinity pool overlooks an almost eight-acre, stream-fed pond. The property has



Construction cost: \$10 million to \$12 million

walking trails, a boat house with a wood-burning fireplace, and a 2,800-square-foot barn with a workshop and studio space, said Ms. Esposito.

Mr. Esposito is a financier turned artist. The pair met in high school, married in 1995 and renewed their vows on the

FOR SALE
\$15
MILLION
10,000 sq. ft.,
wine cellar,
pond, boat
house, barn

property, his wife said.

Luxury single-family homes in the greater Boston area sold for a median \$3.12 million in January, up 3% from January 2021, according to the

Institute for Luxury Home Marketing.

—Sarah Paynter



Land cost in 2014: \$5 million

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Lisa Lippman

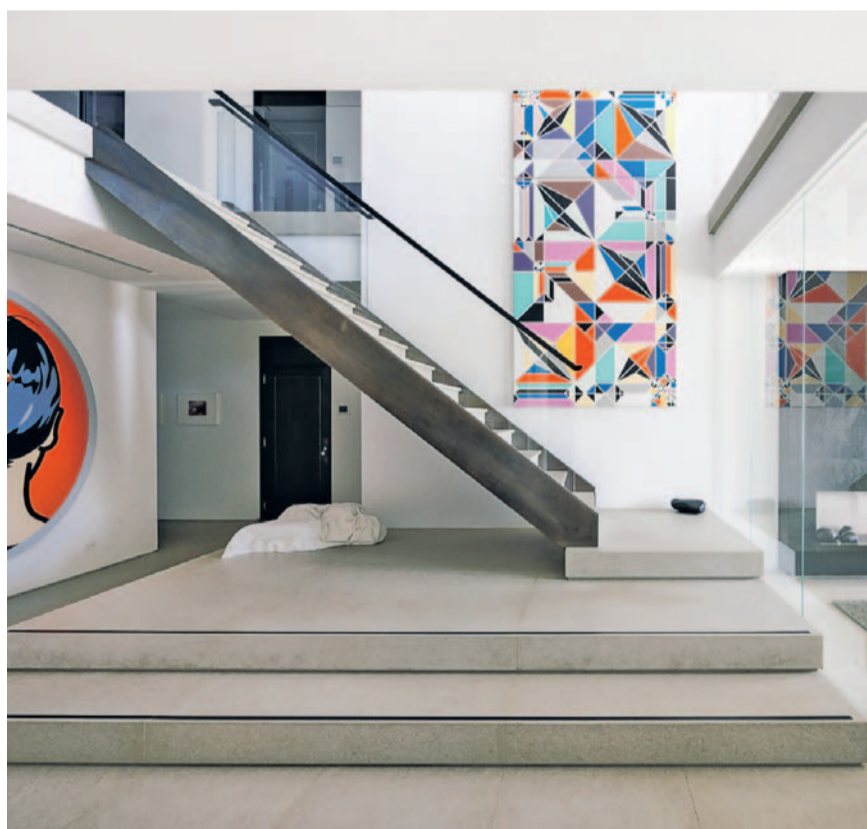
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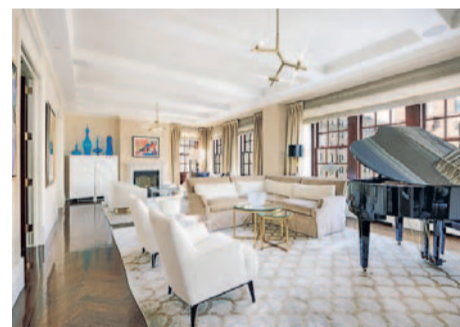
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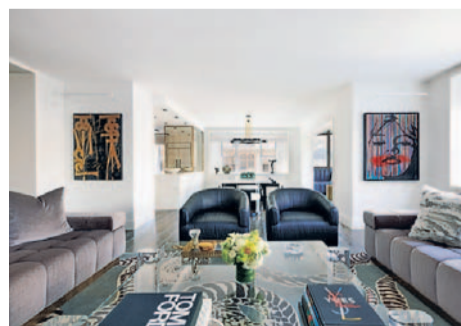
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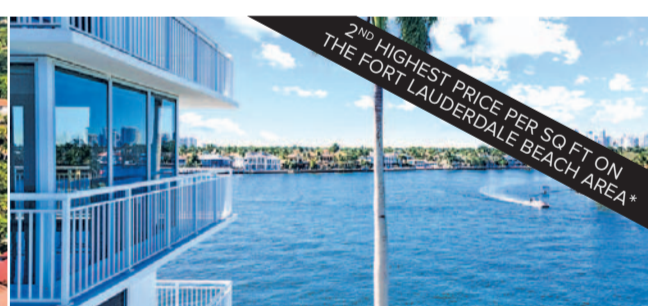
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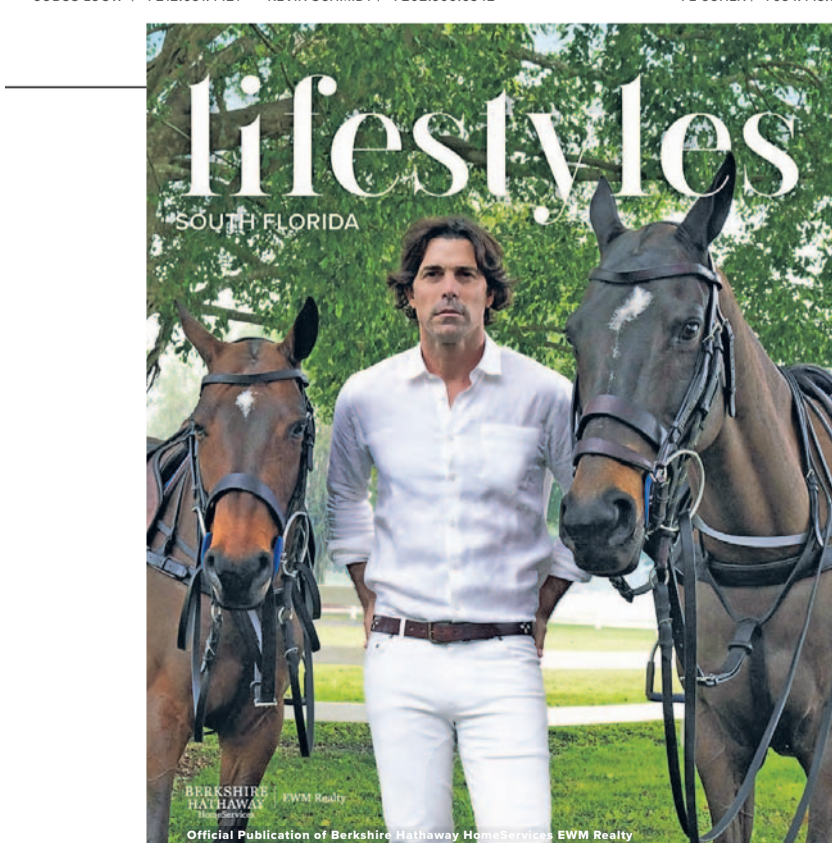
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Retirement Communities

55+ Residences Can Be a Perfect Fit

The Valencia offers everything from high-energy sports to poolside relaxation

by Julie Bennett

Eoin Stafford loves his new retirement home in Tampa, Florida, so much that he moved into it while his wife, Sandi, was still working — in Virginia.

In February 2020, the Staffords took advantage of a GL Homes “Stay & Play” promotion, which, for \$99, allows people to experience three days and two nights in one of their 55-plus Valencia communities. “We wanted Florida’s west coast and checked out Valencia Bonita in Bonita Springs,” Eoin says. “We fell in love with one of their model homes, then drove north to Valencia del Sol in Tampa, where they had just put that very model on the market, fully furnished.”

Eoin, who is 71, moved in right away, and Sandi, 67, popped down on weekends until she retired the following year. “We are very active older people who enjoy an outdoor lifestyle,” Eoin reveals. “This fits exactly what we’ve been looking for.”

Many of the 10,000 Baby Boomers now hitting 65 each day must agree. While other forms of senior housing suffered during COVID-19, communities designed for active adults are thriving. Jill DiDonna, chief marketing officer for GL Homes, says, “It’s a strong, robust market. We started our first Valencia

community 26 years ago; today many more of the country’s top builders are also entering the market and demand is still outpacing supply.”

EVERYTHING YOU NEED

In the luxury market, 55-plus communities provide single-family homes, attached townhouses and apartments for sale to singles or couples with at least one partner age 55 or older. While grandchildren may visit, only adults can live there. Amenities range from outside maintenance and security services to a rich variety of sports, entertainment, cultural and dining venues. “We like to say it’s like living in a country club without the golf component,” DiDonna laughs.

GL Homes builds and manages Valencia communities in Port St. Lucie, Boynton Beach, Bonita Springs, Tampa and Naples. Its current roster of over 17,000 homes are priced from the mid-\$300,000s to well over \$1 million, DiDonna reports. The Florida-based builder will launch new communities in Boynton Beach and Port St. Lucie this spring.



PHOTO COURTESY OF GL HOMES

The Grand Clubhouse and its pools are waiting for residents of GL Homes Valencia Bonita in Bonita Springs, Florida.

“We choose locations with established health care, shopping, grocery and dining options nearby. Each community is within 20 minutes of the ocean or Gulf and close to an airport,” she says. “And we are always evolving, adding larger homes with more flexible floor plans after the pandemic, for example. The newest sports trend is pickleball, so our Valencia Grand will have an indoor pickleball center. And we are about to open an arts and cultural center in Port St. Lucie.”

THE CHOICE IS YOURS

Residents come from the Northeast, Midwest and California, but many, like Candice Phelan, move there from nearby Florida communities. A recent widow, she and her husband had moved to Wellington after their corporate careers. Last December, Phelan purchased a three-bedroom home to be constructed with a three-car garage in GL Homes Valencia Sound in Boynton Beach. “When they told me I could make design decisions, I thought that meant I would have a few choices such as flooring or paint colors, but in actuality there were more than 2,000 options, from electrical components to the number of exterior doors and windows. I’ve always been drawn to the arts, and I am using the family and club rooms as a large art studio.”

“I was not prepared for the delightful sense of camaraderie you encounter when you move into a newly built community,” she adds. “It feels as though we are building something together. The day I started moving in, 10 to 15 people came to visit in my driveway, chatting and introducing themselves.”

Frank and Pam Murgu were the 14th family to arrive when they moved into Valencia Cay in Port St. Lucie in April 2019. Valencia communities have activity directors who assist the residents in implementing the programs. “I founded the men’s and bocce clubs and work on the social committee,” Frank, 72, says. Pam, 70, launched the women’s club and works on the landscaping committee. The couple also plays canasta, bocce and pickleball, and they enjoy nature walks and club pool activities.

“I spent my whole life working hard,” Frank says. “My wife is a retired teacher and we wanted a place where we could enjoy the things we always wanted to do. Living in this 55-plus community exceeded our expectations. As soon as we arrived we made close friends and felt comfortable. Every day is an adventure.”

Julie Bennett is a freelance writer specializing in franchising, small business and lifestyle issues.

The Wall Street Journal news organization was not involved in the creation of this content.

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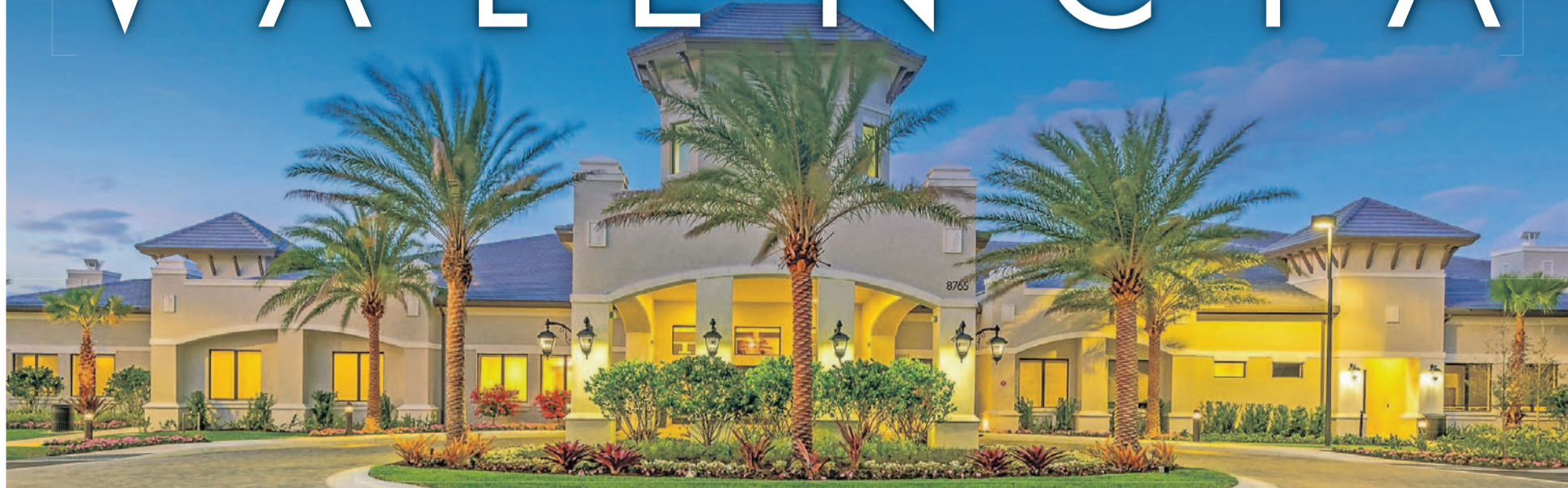
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Retirement Communities

RETIRE

in a Meadow, Near a Beach or in a 19th Century Governor's Mansion

by Julie Bennett

In Sun Belt states, retirement communities are a given. But in the Northeast, you can find unique enclaves for seniors in, say, a meadow in Connecticut, between two beaches on Long Island, on the grounds of an historic estate in Massachusetts or amid the ponds and forests of a sporting club in Rhode Island whose owners never expected to attract so many retirement-age members.

Meadow Ridge, a life care community in Redding, Connecticut, was founded in 2001 on a hill surrounded by 136 acres of rolling woods and meadows. Residents live in three four-story apartment buildings that are all connected to a central atrium that houses a dining room, an indoor saline pool, a gym and other amenities. Every apartment has a patio or balcony. "It's luxurious, resort-style living," says sales and marketing director Ann Sertl.

Jack and Rilla Neafsey, both 83, moved there from Rowayton, Connecticut, almost four years ago. While they rave about the cozyness in their two-bedroom apartment, Jack explains that they chose Meadow Ridge for its continuum of care. "The compelling factor was that we had to make all the later-life decisions for my parents and Rilla's mother," he says. "We didn't want to put that burden on our children."

"When my mother could no longer live alone, she reluctantly moved into a continuing care retirement community," Rilla says. "Six months later, she said it was the best decision she ever made. She could play bridge every day, and I could stop worrying."

"There are lots of things here to keep

our minds and bodies active," Jack says. "We take exercise classes, go on hikes and volunteer for various boards and committees. We both enjoy reading and one of the big surprises is that if you want to read a book reviewed in *The Wall Street Journal*, for example, you can call the local library and, if they have it, a librarian will deliver it during their next weekly visit."

TOO GOOD TO BE TRUE

Fellow resident Dan Sharp, 90, laughs that before he and his wife, Revelle, 82, decided to move there from their home in nearby Stamford, "We met with a number of residents and I asked everybody, 'What's the worst thing you can say about this place?' Nine said nothing and the tenth said that the food is too good so he keeps gaining weight."

"There are advantages to staying where your friends and doctors are," Revelle adds. "Of course, we've made many new friends here. We started meeting interesting people from the very beginning."

Sertl says that many residents like the Sharps are from surrounding communities or states like New York, New Jersey and Massachusetts. "Those that come from far-away places like California, Florida or Georgia tend to come here be-

cause their children live nearby. That was especially true during the pandemic."

Like other life care communities, Meadow Ridge is evolving, Sertl reports. "We were already planning to open a memory care unit, but since the pandemic started, we've upgraded our technology so meetings, films and lectures can be watched live or over video calls." Entrance fees range from \$500,000 to a little over \$1 million, she says.

ENVIABLE VIEWS

When native New Englander John Williams, 66, retired from his last corporate post in Phoenix, Arizona, he and his wife Lisa, 63, wanted to live within driving distance of their children in Boston and New York, and have quick access to their family vacation home in Maine. "We looked everywhere in Massachusetts, from Gloucester to the South Shore," John says. "Our other priority was a house we could lock and leave without having to worry about outside maintenance, like mowing the lawn or shoveling the snow."

They finally found the perfect place in Wolcott Woods, a 55-plus adult community being developed in Milton, Massachusetts, on land that once was the estate of Massachusetts Governor Roger

Continued on next page



PHOTO COURTESY OF THE PRESERVE SPORTING CLUB, RHODE ISLAND

What grandchild wouldn't love a visit to the Maker's Mark Hobbit House private dining venue on the grounds of The Preserve Sporting Club & Residences?



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Retirement Communities

Continued from previous page

Wolcott. Greta Gustafson, managing director of new developments for LandVest, says this neighborhood will have 51 newly built homes and renovated units in three restored historic buildings, including the Wolcott Mansion. All will have two-car garages and full basements. So far, 19 homes have been completed and are all sold. Prices for homes in the next phase will start at \$1.5 million.

"We were very fortunate because when we found this community last October, the house we chose was 95% completed," John says. "When we arrived with our moving van in mid-December, everything was ready."

The site is spectacular. "The developers have set aside 28 acres as open space, and it's adjacent to the Blue Hills Reservation State Park," Gustafson says.

"We have a beautiful view over pastureland and into the woods," Lisa explains. "We didn't intentionally choose a 55-plus adult community, but it makes it easy to get to know the neighbors because everybody is close to the same age and excited to be here."

SMALL WORLD

Karen Catapano knew many of her neighbors before she and her physician husband Michael moved into the Harvest Pointe 55-plus community on the North Fork of Long Island because they'd all been living nearby. Karen, 66, says she and Michael, 69, had been living on a goat farm in Peconic, just a few miles away from the new community in Cutchogue when they began to think about moving there. "I loved our goats, but what was supposed to be a hobby had grown into a large dairy business after our little farm won a national award for our cheese," she explains. "We wanted more time to spend with our new granddaughter, who also lives in the area, and to be able to travel."

The couple sold their farm and downsized into a smaller home in Harvest Pointe last year. "I'd spent so much time working — I also taught dance classes in a local studio — that I was concerned about making new friends," Karen says. "I quickly learned that one of the advantages of an older adult community is being with people who share the same experiences. I teach fitness classes in the clubhouse, and when I play a different piece of music, we all remember what we were doing the first time we heard it."

"Plus, we had no idea how many other local people would also move in here," she adds. "Our lawyer just moved in down the street, as well as another physician Michael knows and a woman I'd played tennis with."

Robert Morrow, one of the developers, says, "We were surprised that 40% of Harvest Pointe's residents had lived within a few miles of the development. The North Fork is special because it does not allow big box stores or chain restaurants. Everything is local, and people who live here want to keep that lifestyle."

A SWEET GETAWAY

But not all buyers are local or retired. Speech and

language pathologist Gail Strassman, 58, lived in Westchester, New York, when she decided it was time to do something on her bucket list and live near the beach. "I spent a couple of years looking," she says. "Coming upon Harvest Pointe was like a dream. I chose a model with three bedrooms and got to pick everything from floor to ceiling as they built it. My biggest love is my screen-in porch — and having two beaches where I can float between video appointments with my clients — on the Long Island Sound or the Peconic Bay."

The community features a large clubhouse, a heated outdoor pool and tennis, bocce and pickleball courts. Of the 124 houses planned for the 46-acre property, only six are still available, including a two-bedroom home selling for \$880,000 and one with three bedrooms priced at \$990,000. Harvest Pointe is also selling its four model homes. "They are fully furnished and, if you want to, you can move in tomorrow morning," Morrow laughs. All have two-car garages and full basements.

When Paul Mihailides designed The Preserve Sporting Club & Residences on 3,500 acres of forests, fishing ponds, fields and hills in Richmond, Rhode Island, he was thinking of a wilderness retreat for sportsmen like himself. The Preserve is famous for its underground shooting range and outdoor heated clay pigeon courses as well as its 18-hole, par-three golf course, zipline, climbing wall, swimming pool, kayaking, canoeing, fishing and new equestrian center.

The development calls for 250 residences, including cozy cabins, townhomes and luxury single-family homes with sweeping views. Tiny Homes are priced from \$1 million to \$1.6 million. Twelve luxury suites, priced up to \$5 million, are still available in the community's Hilltop Lodge, which also features the OH! Spa.

FAMILY FIRST

"The Preserve is a place that your adult children and grandchildren will want to come back to," says Karyne Bazzano, who is far from retirement age but was The Preserve's first permanent resident. "I lived in Boston with two young sons and bought a hunting cabin with a huge antler chandelier at The Preserve in 2019 for a weekend getaway. As soon as they saw it, my boys asked why we couldn't live here full time instead."

Bazzano sent her sons to the Moses Brown School in Providence and made The Preserve her primary residence. She still has a place in Boston and other vacation homes, "but here, when they close the gates at night, my sons and I are alone in a peaceful, beautiful wilderness."

The family moved from their cabin into a four-story townhouse with a game room in the basement and an elevator to the top floor. Four more families now live in The Preserve most of the year. "I see so many family gatherings," Bazzano says. "One couple even bought a second home on the property so their adult children and grandchildren could visit more often."



PHOTO COURTESY OF THE PRESERVE SPORTING CLUB, RHODE ISLAND

This rustic home in the Laurel Ridge section of The Preserve Sporting Club is a perfect gathering place for retirees and their multigenerational families.



PHOTO COURTESY OF HARVEST POINTE

The pool and clubhouse in Harvest Pointe's 55-plus community on Long Island's North Fork are popular for parties and sunning.



PHOTO COURTESY OF FISH HAWK PRODUCTIONS

The back deck of Lisa and John Williams' house in Wolcott Woods provides a view of beautiful meadows and woodland.

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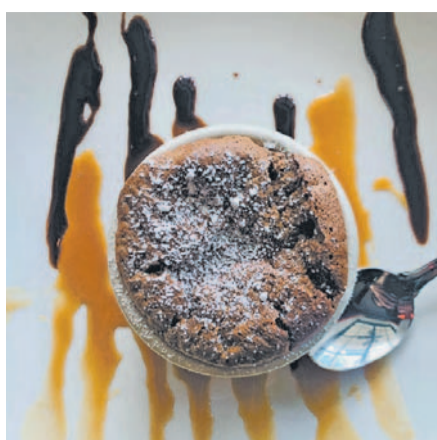
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Retirement Communities



PHOTOS COURTESY OF ACTS RETIREMENT

GROWING WITH THE TIMES, BUT Keeping Their Values

by Julie Bennett

Acts Retirement-Life Care Communities began in 1972, when a minister in Fort Washington, Pennsylvania, became distraught over the conditions of the nursing homes where some of his parishioners lived. He and other members of his church built Fort Washington Estates, one of the nation's first life care communities where seniors could live independently and stay when they needed additional care.

Today, Fort Washington Estates is still thriving. In fact, Acts has 26 life care communities in nine East Coast states with over 10,000 residents. Such communities, also known as life plan or continuing care retirement communities (CCRCs), comprise just under 10% of the more than 15,000 communities in the senior housing and care sector, as tracked by the National Investment Center for Seniors Housing & Care (NIC) in Annapolis, Maryland.

Lana Peck, a senior principal at NIC reports that her nonprofit firm collects market data from 1,180 CCRCs in 140 U.S. markets. Most follow a model, Peck says, that provides independent living units for seniors age 62 or older, followed by a continuum of care which may include assisted living, skilled nursing or memory care, all on one campus.

Residents pay an average up-front fee of \$400,000. Very often, a significant percentage of that entrance fee is returned to the resident or their estate when they leave. According to NIC's MAP Vision data for the fourth quarter of 2021, the first person in an independent living apartment pays an average monthly fee of \$3,800 to cover all room and board expenses and other services that generally include meals, utilities, housekeeping, maintenance, common amenities and community-

sponsored activities; a spouse or partner pays a lesser amount. The typical entrant is a single female age 80 to 83, according to Peck, although some life plan communities tend to attract younger couples as well who tend to be "planners."

SOMETHING FOR EVERYONE

Throughout its growth, Acts Retirement-Life Communities has kept its tagline — "Where Loving-Kindness Lives" — says George Bryan, Acts vice president for the Southeast region. "Although we were founded on Christian principles, our residents represent many different faiths and walks of life."

He adds, "Each of our communities has a different culture. Acts' Azalea Trace in Pensacola, Florida, for example, has a strong representation of military retirees and former teachers. St. Andrews Estates and Edgewater at Boca Pointe in Boca Raton are connected to the arts, and Heron Point in Chesterton, Maryland, attracts residents who love hiking, fishing and other outdoor sports."

Acts communities also offer a variety of building types and pricing plans, with fees covering costs that include property taxes, utilities, a meal plan and may include some healthcare services. Entrance fees range from \$124,900 to \$785,900, and there are also significant tax benefits as portions of the fees are typically tax deductible. "It's not unusual for prospective residents to visit several of our communities before they find the right fit," Bryan says.

When Brooklyn native Arnold Fishon, now 79, and his wife Barbara, were ready to downsize from their large home on Long Island, "we looked at a lot of life plan communities in the New York area," Arnold says. "Four years ago, we wound up deciding on a two-bedroom unit

Residents of Acts Communities enjoy chef-prepared meals at a variety of on-site restaurants; Arnold Fishon enjoys frequent walks around the beautiful grounds of St. Andrews Estates.

with two lanais and a little garden in Acts' St. Andrews Estates in Boca Raton. It's one of Acts' longest-standing communities, and it has wonderful grounds, a full lap pool, plus two smaller pools with hot tubs. They even provide golf carts for the residents to drive around."

According to Bryan, the Acts communities that attract the most former New York state residents are communities in the greater Philadelphia area and those in Vero Beach and Boca Raton, Florida. Meanwhile, the greatest concentration of former New Englanders can be found at Heron Point in Chestertown, Maryland, and Indian River Estates in Vero Beach, Florida.

GOOD FOOD AND COMPANY

"Over the last few years, Acts has focused on internal renovations for many of its campuses," Bryan says. St. Andrews Estates, for example, received a multimillion dollar upgrade and expansion of its dining and entertainment venues.

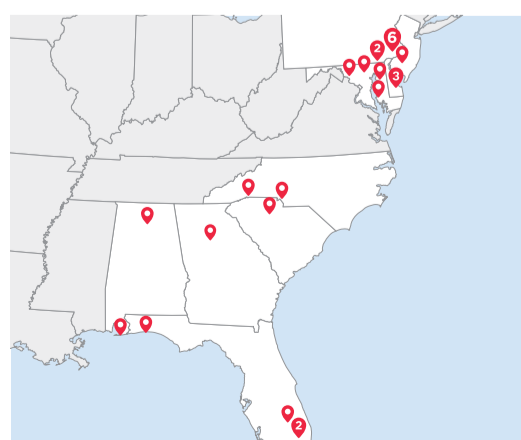
"If you asked us about the main advantages of an Acts Retirement-Life Community, I'd say knowing we will be covered when we can no longer take care of ourselves," Arnold laughs. "But my wife would say not having to cook meals anymore. Every night we have a choice of four restaurants and an unbelievable dessert course. We both love the new dining rooms."

Recent widow Diane Brown, 70, who moved into Acts' Buckingham's Choice in Adamstown, Maryland, this January, mentions another advantage. "Studies show that staying active is important for your mental health during the aging process. I've only been here a few weeks and I've already joined the bell choir, am learning to play mah-jongg and, a couple of Mondays ago, I walked into the entertainment committee's monthly meeting — and walked out as its secretary."

"I moved into a one-bedroom attached cottage, but there is plenty of room for many pieces of my furniture, artwork and books. It felt like home very quickly."

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RENDERINGS COURTESY OF MATHER, SUBJECT TO CHANGE

The Mather at Tysons, Virginia, now under construction, will combine vibrant city living with a healthy lifestyle, thanks to its indoor pool and outside access to a three-acre urban park.

Life Plan Care in High-Tech Skyscrapers

by Julie Bennett

Mather is a not-for-profit organization founded 81 years ago by Alonzo Mather, who funded one of the first Continuing Care Retirement Communities (now called Life Plan Communities) in the country. Mather continues to grow and innovate, as demonstrated by its newest Life Plan Community, The Mather, projected to open in 2024 in Tysons, Virginia, with 300 modern apartment homes.

The Mather in Virginia “looks more like a high-end hotel than a retirement community,” says future resident Robert Solymossy. “The only life plan communities my wife and I visited were way out in the middle of nowhere and didn’t look very appealing. When we saw this, we said, ‘Wow! This could be exactly what we need in our future.’”

“We want to meet people where they live,” Mather’s CEO and president, Mary Leary, explains. In Arizona, people prefer resort-style living in low-rise buildings surrounded by outdoor activities and views of the mountains. “But in the Washington, D.C. area, people want to be part of a vi-

brant urban center. They want walkability and public transportation that can take them to the Smithsonian and to world-class restaurants.”

GOING STRONG

Life plan communities provide an important benefit: a continuum of living options, which enables people to plan ahead to access additional services, including health care, if ever needed. According to the National Center for Investment in Senior Housing in Annapolis, Maryland, women in their early 80s make up the majority of residents. But luxury communities with multiple restaurants, extensive amenities and programs, and large apartment

homes with open floor plans are attracting affluent younger couples. “The average age of depositors at The Mather is 73,” Leary reports, “and the majority are couples.”

Robert Solymossy, for example, is 76 and his wife Diana is 67. “We still sail, ski, scuba dive and fly our own small airplane to various destinations,” Robert says. “Last year, we did a bike tour of Normandy,” Diana adds.

“We’ve met other future residents on video calls or at socially distanced outdoor events, and it seems a lot of them are quite active too,” Robert reveals. “And intellectual,” Diana says. “We met one lady who runs a theater company.”

The Solymossys, who live in Arlington now, put a deposit on a two-bedroom apartment on the 27th floor of one of The Mather’s high-rise buildings. “The windows are floor-to-ceiling glass and we have a view of D.C.,” Robert discloses. “The shades are controlled with our mobile phones and, since COVID-19, they’ve changed the air filtration system to prevent pathogens from spreading.”

“The life care component is very appealing, especially in our case, because we have no children,” Diana explains. “I know how much we did for our parents in their later

years, and I know we will need help when the time comes. The Mather gives me a lot of comfort that I will have assistance when I need it.”

INDEPENDENCE DAY

“It’s important to me to never have to leave the facility to go into assisted living or nursing care,” asserts Judy Schumann, 82, who had moved from Kansas to Arizona with her late husband after they retired. “We did not have children, but I have a lot of wonderful friends in the area and by moving into the Mather’s Splendido community, I could keep them and make new ones.”

Schumann, who moved there in 2019, was surprised “at how much they actually do for us. We never use money because everything is all inclusive. If a group of us want to go to the theater, we buy our own tickets, but they arrange for a bus to drop us at the theater door and pick us up when the play is over. The grounds are beautiful and almost every evening we gather at our outdoor ramada for a social hour.”

Entrance fees for Splendido in Tucson range from \$267,000 to \$1.5 million. At The Mather in Tysons they range from \$646,700 to about \$4.2 million for a penthouse apartment.



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- #10 Jennifer Kalish
- #11 Emily Sertic
- #12 Maria Mainieri
- #13 Tristan Harper
- #14 Elena Sarkissian
- #15 Stacy Spielman
- #16 Michael Kafka
- #17 Shari Scharfer Rollins
- #18 Joshua Winston
- #19 Joshua Lieberman
- #20 Marc Palermo
- #21 Jason Amirian
- #22 Patricia Levy
- #23 Kyle Egan
- #24 Abe Botha
- #25 Daniela Sassoun

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TOP LARGE TEAMS*

- #1 The Rebecca Goldberg Team
- #2 The Scott/Robles Team
- #3 The Maroni Team

TOP SMALL TEAMS*

- #1 The Mazurek Thomas Team
- #2 Minsky/Abrishami Team
- #3 The Volpe Team
- #4 The Malka Hubschman Team
- #5 The Duffoo Team

TOP AGENTS*

- #1 Rebekah Carver
- #2 Kathleen Perkins
- #3 Diane Sutherland
- #4 Myrel Glick
- #5 Bren Salamon

MANSION

Bathrooms Go Deluxe

Continued from page M1
his third-floor bathroom, this time Aegean zellige walls in the shower.

The Fishers are part of a growing number of homeowners who want to up the ante on a statement powder room with a sink, tub or toilet that is anything but white. New choices include mauves, blues and greens that make sinks a focal point—a modern twist on the mid-20th-century fixtures that were offered mostly in greens and reds.

“They want a wow factor,” says Chicago architect Kevin Toukoumidis, founding principal of Dspace Studio. “Clients are pushing the limits on products like that in their bathroom.”

In the past few years, specialized bath companies have tapped into the need for flare by expanding their more colorful offerings. And the homeowners, especially in the luxury market, seem to prefer these bright, modern styles more than salvaged vintage fixtures in pastel hues.

They want bathroom fixtures that have “fun colors to play with,” says Glen Rosser, executive vice president of Claybrook Interiors, a U.K.-based brand launching a collection of stone sink basins in colors that include forest green, plaster pink, olive green, midnight blue and brick. In addition to modern silhouettes, today’s popular offerings are matte rather than shiny, says Mr. Rosser, who is based in Dallas.

But some agents warn about the bold design



Concrete sink in blush: \$280

where resales are concerned. Powder rooms are typically near the front of the home and “set the stage” for how the rest of the home is perceived, says Kimberly Jay of Compass in New York. Over-the-top bathrooms may decrease the home’s sale price. “Buyers may think of it as needing a complete renovation” of the room, she adds.

Interior designer Sasha Bikoff says many of her younger clients feel strongly about skipping the white porcelain fixtures in a bathroom. In recent projects, she matched sinks and toilets with tiles or with a colorful marble. “It gives you this monochromatic all-encompassing design look,” she says.

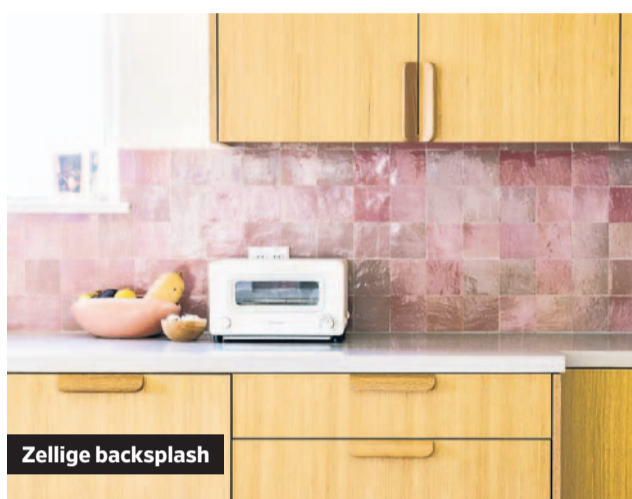
Many are inspired by

1980s design, Ms. Bikoff says. For one client, she installed a bright purple toilet seat to complement red lacquer walls. Currently, she is working on getting white toilets covered with red car-quality paint for a hotel because red toilets are difficult to source. In her own home, she paired a vintage lipstick-red toilet with a red sink and red tiles. “It’s an exciting design feature and it’s less basic,” she says.

A “fresh green” mid-century working Kohler toilet was one of the first items Jocelyn Avila purchased for her Pittsburgh home. Ms. Avila, 31, who runs a leather-goods business with her husband, Rob Hackett, 33, spent just \$40 on the toilet and matching sink as



Karina Nicholson and Andrew Cohen in their Los Angeles home.



Zellige backsplash

part of their conversion of a former church into their home. The powder room also includes a 1920s sewing-machine table that she turned into a vanity.

She installed the toilet, but the sink turned out to be too much green for the powder room. Instead, the color is carried out elsewhere in the home, includ-

ing the forest green cabinets in the kitchen. “We grabbed them not knowing what we were going to do with them,” says Ms. Avila.

After purchasing an 1890s vintage mining cabin in Helena, Mont., ceramic artist Breena Buettner, 32, decided to keep the baby-blue vintage toilet and sink already in one of the two

bathrooms. She updated other elements, adding subway tiles and getting rid of an old blue bathtub. She spent weeks searching for a matching blue vintage toilet seat. Her husband, Malcolm Gilbert, 32, a law-school student, came to the rescue. “He gave it to me for Valentine’s Day,” she says.

Julie and Guy Lakonishok, 43, paired a robin’s egg blue concrete sink with jungle-theme wallpaper of extinct animals, a black toilet and brass fixtures in the third-floor powder room of their home in the Lincoln Park area of Chicago. The couple wanted to make a more vibrant space because the sunny upper floor has a mix of indoor and outdoor areas with city views that they use for entertaining.

Please turn to page M7



‘Fresh green’ Kohler toilet: \$40



Rob Hackett with his partner, Jocelyn Avila, in their Pittsburgh home, converted from a church, with pets, Dunkin and Toby.



Sewing table vanity: \$90

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THE WALL STREET JOURNAL.



Brick color: \$2,908

Claybrook Interiors of the U.K. makes high-end sinks in a variety of colors in MarbleForm material.



Forest green: \$3,843



Midnight blue: \$2,422

FROM TOP: JESSICA SAMPLE FOR THE WALL STREET JOURNAL (3); LAURA PETRILLA FOR THE WALL STREET JOURNAL (3); CLAYBROOK (3)

MANSION



Toilet: \$300

Red bathroom in the former home of designer Sasha Bikoff.

“We thought about how to make it the right balance of loud and fun,” says Ms. Lakonishok, 43, who worked with Mr. Toukoumidis on her 6,500-square-foot home completed in 2020. In a downstairs bathroom, the couple combined a black toilet and sink with a sequin-like wall of brass tiles.

White fixtures have dominated the U.S. bathroom-fixture market for decades, despite companies such as American Standard and Kohler offering lines of colorful midcentury sinks, toilets and tubs. While some clients ventured into something unique in the guest baths, they tended to keep white, spallike fixtures in their primary baths.

“White has persisted because it’s timeless, it’s easy to keep clean and it’s easy

to match to other products,” says Mr. Toukoumidis.

In Los Angeles, Andrew Cohen and Karina Nicholson are redesigning their three-bedroom home with panoramic city views and picturesque sunsets. The bathroom now includes a millennial-pink sink basin with a pink-and-green matte zellige tile backsplash and a vintage Mexican rug from Ms. Nicholson’s grandmother.

The décor of the “low stakes room” is meant to match the nearby kitchen, says Mr. Cohen, 43, a musician.

Despite the pink sink basin, he didn’t consider a toilet of the same hue. “I’m kind of a traditionalist when it comes to toilets,” he says.



Blue bathroom renovation: \$3,000

INSPIRATION IN VINTAGE FIXTURES

Many homeowners seek a dose of nostalgia for their colorful bathrooms. Demand has been growing over the past decade for retrofitted vintage fixtures from the 1920s to the end of the 20th century.

Those restored fixtures range in cost from \$800 to \$3,500 before installation, says Lydia Scheller, of

Bathroom Machineries, a restorer and reseller of vintage plumbing fixtures in Murphys, Calif. Porcelain bathroom fixtures from the '20s and '30s tend to be more expensive than those made in the '50s and '60s, she adds.

As for colors, she finds that many customers look for light greens, blues and



Lancaster, Pa., bathroom with original vintage fixtures

pink to accompany the midcentury-inspired décor.

Her company restores fixtures through a deep, multi-week cleaning process and does repairs on specialty faucets, including those that fit the sought-after Crane Criterion sink last made in the 1970s. A team inspects for cracks that would render such a piece useless, she says. Old fixtures are often bought by the clients from salvage yards.

Ms. Scheller warns homeowners, however, that in some areas of the country, including California, toilets that use 3-to-5 gallons of water can’t be installed due to ordinances. And they can’t be retrofitted to use substantially less water. The only bet is to get historical exemptions for the toilets.

Claudia Beiler, of Lancaster, Pa., kept a vintage maroon toilet and sink in a 1960s home she was restoring for resale. The effort

took weeks of additional restoration. She worked with a local company, S&S Plumbing & Heating in Gap, Pa., to retrofit the toilet, then added black shower fixtures. She ended up using the bathroom as inspiration for the rest of the home, adding light pink cabinets in the kitchen. “The whole house I designed around the toilet and sink,” says Ms. Beiler, who flips homes in the area. The four-bedroom home sold in 2018 for \$410,000.

Matching sinks to toilets of the same hue is the holy grail for fans, says Ms. Scheller. Exact matches are hard to come by because of the varying shades from different manufacturers. For example, American Standard’s Ming Green is a different shade from Crane’s Pale Jade, although both are light green, says Ms. Scheller. Her company sells what they call “suites” of matching fixtures from the same year and maker.



CLOCKWISE FROM TOP: LEFT: GENEVIEVE GARRUPO; SAM ERICSON; MADEIRA PHOTOGRAPHY (2)

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MANSION

INSIDE STORY

A Renovation Powered by Friendship

Two longtime friends came together to work on an extensive remodeling project in San Francisco's Noe Valley neighborhood

By LAURIE JUNKER

Sara Fenske Bahat and Heather Peterson forged their friendship 20 years ago, rearranging furniture in their small New York City apartments.

"After grad school, I moved to Manhattan for a job I didn't love and didn't stay with for long," said Mrs. Bahat, 45, "but I got this amazing friend out of it." Mrs. Peterson, 47, and Mrs. Bahat met at the advertising agency where they both worked. They bonded over a shared interest in home décor and spent weekends poring over design magazines, combing the Chelsea Flea market for cheap finds, painting walls and DIY-ing curbside freebies.

Eventually, life and love (both married and had children) took them away from New York—Mrs. Bahat to San Francisco, where she teaches at California College of the Arts, and Mrs. Peterson to her hometown of Minneapolis, where she started an interior-design business. They stayed in touch as well as they could, considering they were separated by 2,000 miles and busy raising children and building careers.

The friends found an opportunity to work together again in 2015 when Mrs. Bahat and her husband, a venture capitalist, purchased a 1909 free-standing Edwardian in the Noe Valley neighborhood of San Francisco for \$4.1 million. The couple was deep into planning a renovation of their existing home when the property came on the market. At 4,500 square feet on 0.2 acre with a rare-for-the-neighborhood full driveway, side yard, and well-preserved period details, it offered the space their current house was lacking, said Mrs. Bahat.

Unfortunately, the entire main floor had originally been designed as an obstetrician's office, according to Mrs. Bahat. The space still had vestiges of the practice, including a long corridor with a series of what were probably once examination rooms and a large area with a dropped ceiling and fluorescent lights. The kitchen, living areas and bedrooms were all located on the second floor where the doctor lived. It would need a major overhaul. But the property also included a 1,600-square-foot, three-bedroom, two-bathroom cottage in the back that Mrs. Bahat, her husband and two children, then ages 4 and 7, could live in during construction. Mrs. Bahat knew it would be a huge undertaking, so she called her old friend for a reality check before making an offer.

Mrs. Peterson said her jaw dropped when she saw the listing photos, especially the architectural features and blank-slate potential of the first floor. She told her friend to go for it. Then, to her surprise, Mrs. Bahat asked her to come on board as the interior designer working alongside architect Antje Paiz of Berkeley-based Raumfabrik architecture + interiors. "At the time, I'd never done anything on that scale," said Mrs. Peterson. But Mrs. Bahat was resolute. "Heather has an amazing eye. I knew she would push me in



Purchase Price: \$4.1 million



Heather Peterson and Sara Fenske Bahat became friends in New York 20 years ago. 'I knew she would push me in a way that felt safe,' Mrs. Bahat said of Mrs. Peterson, whom she hired as the interior designer on the project.



a way that felt safe."

The main level was reconfigured to open up the small rooms and create space for a kitchen and dining area with easy access to the yard. Moving the staircase from the front of the house to the back and topping it with a large skylight yielded a big impact, creating brighter, better-flowing spaces throughout. Upstairs, the old kitchen was converted into a guest bathroom. Mrs. Peterson used the home's original trims and finishes as inspiration and outfitted each room with the simplest versions of what might have been to keep the spirit of the 1909 home intact while incorporating a more casual, modern aesthetic to suit the family.

Mrs. Bahat is interim CEO at the Yerba Buena Center for the Arts and has a growing collection of contemporary art. So, it was essential to create space for her rotation of pieces. White walls were a logical choice. Then Mrs. Peterson warmed them up with furnishings and textiles in colors she knew her friend loves, including deep green, saddle brown, and tiny touches of hot pink (a "very



Sara color," she said) to keep the rooms from feeling sterile.

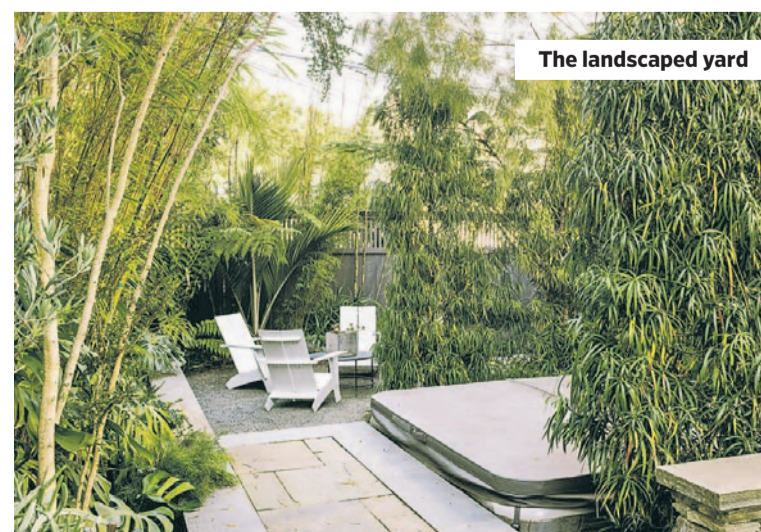
On the second floor, the color story gets bolder, and nowhere is this more evident than in what Mrs. Bahat calls "the pajama lounge," a family room located near the home's four bedrooms. Previously the dining room, the space features the original coffered ceiling and an ornate built-in buffet. Now painted a deep teal, the room is a moody jewel box where the family's two children, 11 and 13, hang out and host sleepovers, said Mrs. Bahat.

The project was, in many ways, a continuation of the friends' home décor adventures that began in New York, albeit with a bigger budget. But the spirit of the hunt was alive and well during the 18-month project. "Sara would go to high-end vintage stores where she was traveling and text me pictures of things," said Mrs. Peterson. "We were talking almost every day." The pair took a trip to Los Angeles to shop at RH, Nickey Kehoe, and Hollywood at Home, where Mrs. Peterson pitched a four-poster bed for the primary bedroom. They climbed into it to make sure it didn't feel claustrophobic.

The renovation, which came in at around \$1.5 million, was completed in 2017. Since then, Mrs. Peterson has been an overnight guest on several occasions, giving her the chance to experience what it feels like to live in the house, something not many designers get to do. Better yet, both women say the project deepened their bond. Mrs. Bahat said, "It felt so easy, and I loved seeing my friend come into her own. I'm a mega-fan."



The first floor had been a doctor's office



The landscaped yard

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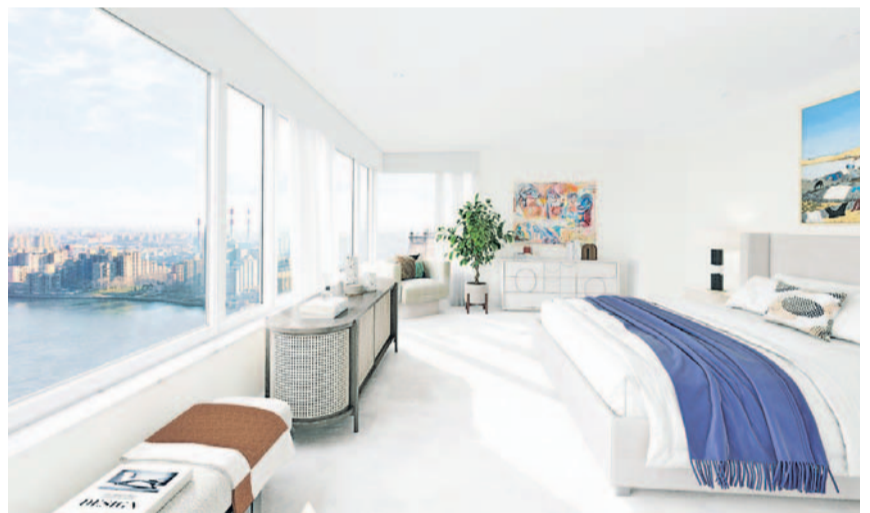
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13,000 square feet. According to Ms. Pierson, her father spent just under \$15 million on the renovations.

Among the many changes made to the home was the addition of large windows in the dining room and kitchen. He also reformatted the layout of the dining room, kitchen and a few living spaces throughout the home, Ms. Pierson said.

Nearly every room in the home has a view of the water, according to Ginger Glass of Compass, who shares the listing with Sean Stanfield of Pacific Sotheby's International Realty.

Amenities inside include a roughly 22-seat home theater and two fitness rooms.

Outside, Ms. Pierson said, the property has a pool, spa and several decks and lounge areas. A motor court can comfortably fit 16 to 20 cars, Ms. Glass said.

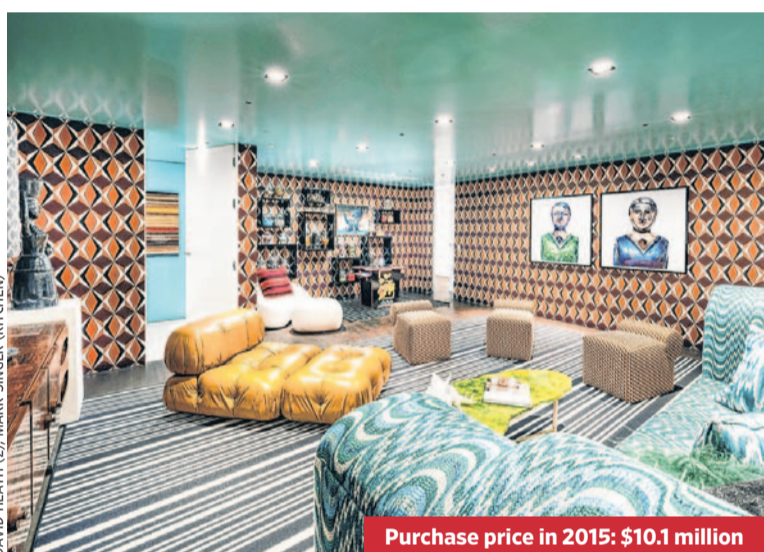
Also on the property is a fire suppression system with six cannons connected to city water lines.

The system senses the temperature of the land and if there is a fire, water will automatically spray from the cannons and alert the fire department, Ms. Pierson said.

Because of the property's size, she said, the city required the property to have its own fire suppression system.

—Libertina Brandt

A Laguna Beach Home With A Fire Suppression System Lists



Purchase price in 2015: \$10.1 million

A Laguna Beach, Calif., property overlooking the ocean is going on the market for \$28.995 million.

The owner, Dallas-based businessman Scott Ginsburg, 69, is selling the roughly 12-acre property after using it as a vacation home for roughly four years, according to his daughter, Laura Ginsburg Pierson, 38.

"We used it ideally for long weekends and family vacations," Ms. Pierson said. "It was just our little getaway and sanctuary for the summer because it gets so hot here in Texas." Mr. Ginsburg is selling the home because the family is getting busier, she said, and can't frequent the property as of-

ten as they used to.

Mr. Ginsburg is the founder of Boardwalk Auto Group, a Dallas-based luxury car dealership with locations in Texas and California. He is also a co-founder of the broadcasting company Chancellor Media, which was sold in the late 1990s. Ms. Pierson works with her father as executive vice president of Boardwalk Auto Group and manages his various investment portfolios, including real estate.

The contemporary-style home was built in 2010, according to Ms. Pierson. Mr. Ginsburg bought the house in 2015 for \$10.1 million and gut-renovated it, his daughter said, expanding it from about 9,000 square feet to roughly

A home asking \$6.95 million is the priciest in Winnetka. **M14**

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MANSION

Vanishing Mansions

Continued from page M1
consultant for the HBO show.

In the 1880s and '90s, the city's most desirable residential neighborhood was Vanderbilt Row, a stretch of mansions on Fifth Avenue between 50th Street and the southeast corner of Central Park. Today the area is a frenzied commercial district of office buildings and retail stores, with virtually no trace of the posh single-family homes that once stood there.

For example, William K. Vanderbilt and his social-climbing wife, Alva Vanderbilt—the inspiration for Bertha Russell on “The Gilded Age”—lived in a white limestone chateau occupying nearly a full block at Fifth Avenue and 52nd Street. “If you see pictures of it, it just blows your mind that this was on Fifth Avenue, and that anybody would build a house in such an ostentatious chateau style,” said Esther Crain, author of “The Gilded Age in New York, 1870-1910.”

Indeed, elite architecture in the Gilded Age was all about one-upmanship, she said. With great fortunes being made along with the country's industrialization, newly wealthy families vied to show off their riches by spending millions—tens or sometimes hundreds of millions in today's dollars—constructing massive houses. “It was all about the show—I'm wealthier than you,” said historian Tom Miller, author of “Seeking New York: The Stories Behind the Historic Architecture of Manhattan—One Building at a Time.”

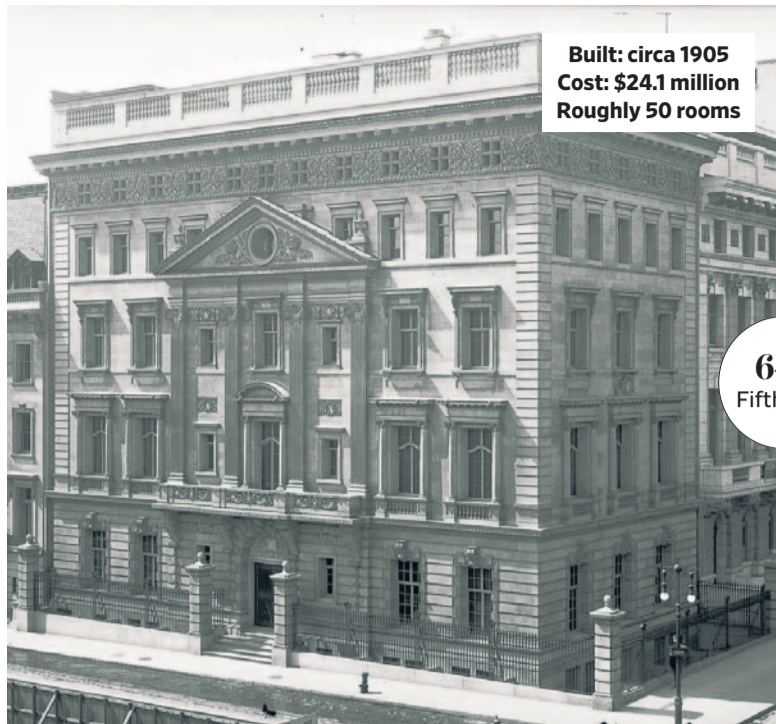
Things had changed dramatically by the 1920s, however. Federal income taxes had made huge mansions financially unsustainable, plus it became harder to find the armies of servants required to maintain them. During the building boom of the '20s, many were razed to make way for commercial use or multistory apartment houses, which were billed as modern and convenient.

In the Gilded Age, “if you had any kind of standing in the city and wealth, you wanted your own single-family home,” said Ms. Crain. By the 1920s, however, “if you had a lot of money, you probably would prefer to live in an apartment building because the building took care of everything for you.”

A few Gilded Age-era mansions—such as the Frick Collection and the Cooper Hewitt design museum—remain intact on the Upper East Side. Midtown, however, saw scores of grand homes destroyed, Mr. Miller said. “The houses south of 59th Street just got wiped out because of the commercial district,” he said. And farther west, nearly all of the 30 or 40 large mansions that once lined Riverside Drive have also been replaced with apartment buildings, Ms. Crain said. Mansions in Brooklyn's fashionable St. Marks District in Crown Heights met a similar fate.

“These were very special buildings that should have been preserved,” said Mr. Miller.

Read on for a closer look at the vanished mansions of Gilded Age New York, and some of the rare structures that remain.



Built: circa 1905
Cost: \$24.1 million
Roughly 50 rooms



Cartier

649
Fifth Ave.

Morton F. Plant House

Today, office workers and tourists passing the Cartier flagship on the traffic-clogged corner of Fifth Avenue and 52nd Street in Midtown would never suspect that the six-story, Renaissance-style building was first a private home. The house was built for Morton F. Plant, son of the railroad and

shipping tycoon Henry Plant, according to the city's Landmarks Preservation Commission.

Mr. Plant bought the land for about \$350,000 in 1902, according to the book “Great Houses of New York, 1880-1930” by Michael C. Kathrens, and spent about \$400,000 building the house. It had roughly 50 rooms, including a music room, a men's smoking

room and 12 staff rooms.

Cartier purchased the house in 1917—around the time wealthy families were abandoning the neighborhood in the face of encroaching commercial development—and converted it into a jewelry store, preserving much of the building's original appearance: a pediment on the 52nd Street facade has two carved cornucopia.

The story goes that the Plants traded the house to Cartier in exchange for a \$100 and a \$1 million string of pearls that Mrs. Plant admired. Inside, the space retains its massively high ceilings.

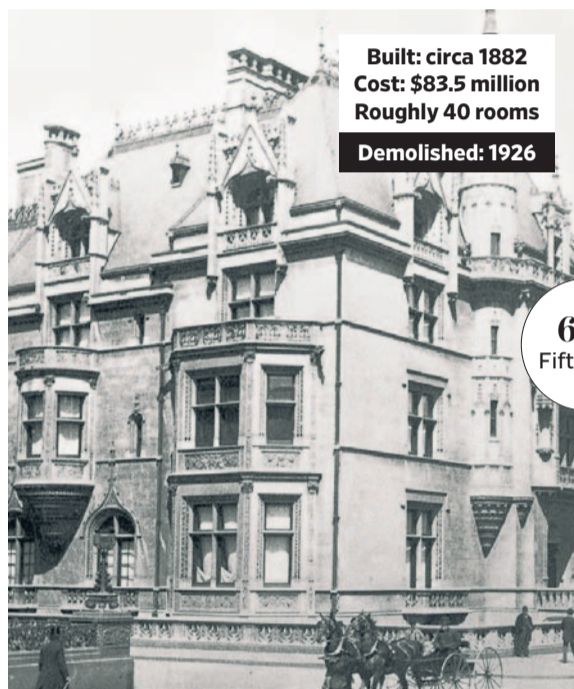
As the only Midtown mansion to remain intact, Mr. Miller said, “the Plant mansion gives us an idea of what Fifth Avenue looked like.”

Petit Château, the William K. Vanderbilt and Alva Vanderbilt mansion

Today, 660 Fifth Avenue is a 39-story office building with Zara, Uniqlo and Hollister stores at its base and hoodie-clad mannequins in its shop windows. But on this site once stood a massive home, designed by Richard Morris Hunt and modeled after a 16th-century French castle. Nicknamed Petit Château, the house had a slender 3-story turret carved with fleur de lis at the entrance. A two-story, stone banquet hall was 50 feet long.

The mansion cost \$3 million, about \$83.5 million today, according to “Fortune's Children: The Fall of the House of Vanderbilt.”

With its pale Indiana limestone exterior, the house was far different from the brownstones that New York's elite had favored up until that point, according to the architect and historian Gary Lawrence, who estimated that the house had 40 rooms.



Built: circa 1882
Cost: \$83.5 million
Roughly 40 rooms
Demolished: 1926



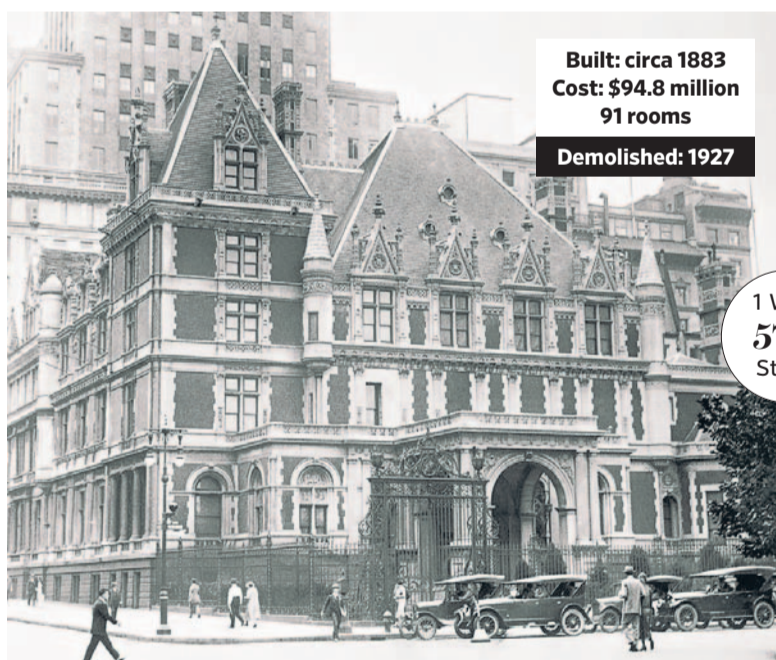
660
Fifth Ave.

“You take a neighborhood of brownstones and stick a dazzling white limestone house in the middle of it—that really broke the

mold of what had been there prior,” he said. Petit Château is perhaps best known as the setting for a grand costume ball Alva

Vanderbilt threw for about 1,200 guests in 1883.

It was sold for \$3.75 million in the 1920s and razed in 1926.



Built: circa 1883
Cost: \$94.8 million
91 rooms
Demolished: 1927



Bergdorf Goodman

1 West
57th
Street

The Cornelius Vanderbilt II mansion

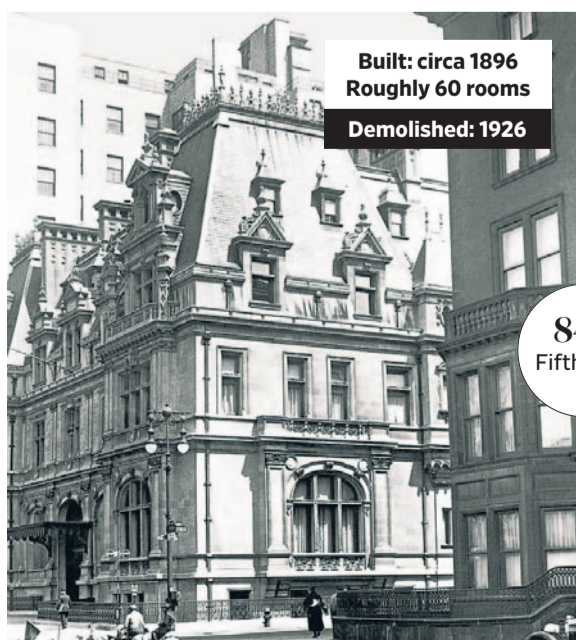
The home of Cornelius Vanderbilt II and his wife, Alice, was “the Buckingham Palace of Fifth Avenue,” Mr. Lawrence said. When the five-story, roughly 50-room

French chateau of red brick and limestone was built at a cost of roughly \$3.375 million (for the land and construction), or about \$94.8 million today, newspapers proclaimed that it was the largest single-family home in New York. Still, the Vanderbilts decided to

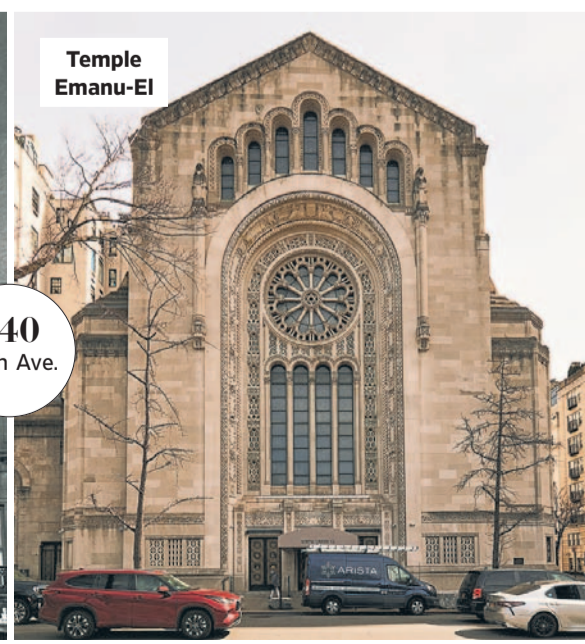
expand it, tearing down five townhouses to create a behemoth occupying the entire block of Fifth Avenue between 57th and 58th streets with about 91 rooms, according to Jason Bouchard-Nawrocki, an archivist for Vanderbilt descendant Gladys Szapary.

The house required more than 30 servants and was larger than The Breakers, the couple's famous summer house in Newport.

The house was sold for roughly \$7.1 million in 1927 and replaced by the Bergdorf Goodman department store.



Built: circa 1896
Roughly 60 rooms
Demolished: 1926



Temple Emanu-El

840
Fifth Ave.

Mrs. Astor's house

The home of society doyenne Caroline Astor and her son, John J. Astor IV, at 65th Street “was a masterpiece of Beaux-Arts architecture,” said Mr. Miller. The gray-limestone chateau was designed by architect Richard Morris Hunt as a double house, with one side for Mrs. Astor and the other side for her son. According to the book “Gilded Mansions: Grand Architecture and High Society” by Wayne Craven, the home's entertainment spaces were designed to be joined into a single, 2-story ballroom. Topped with a

stained-glass dome and hung with some 100 paintings, the ballroom could accommodate 1,200 revelers.

The family sold the mansion in 1925 for \$3.5 million, according to the Kathrens book, and it was demolished to make way for the synagogue Temple Emanu-El.

Please turn to page M17

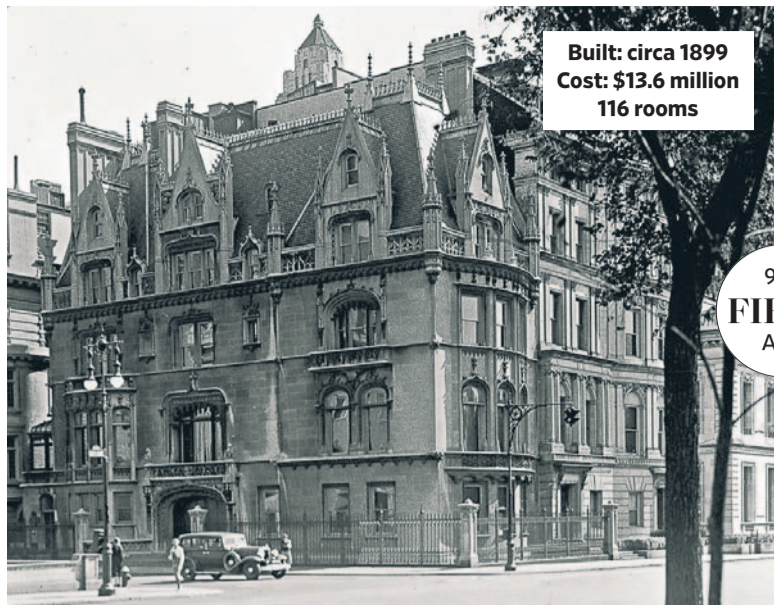


MANSION

Continued from page M10
Isaac Fletcher House

Fifth Avenue between 78th and 79th Streets is one of the few blocks in the city to appear largely the same as it did in the early 1900s, according to Landmarks. On the corner stands a French Gothic-style limestone mansion built for industrialist Isaac Fletcher in 1899. In the 1950s, the property was purchased by the Ukrainian Institute of America. Mr. Fletcher spent roughly \$400,000 to purchase the land and build the house, about \$12.3 million today, according to the Ukrainian Institute's Jasper Santa Ana; the institute paid about half that amount to buy it in 1955.

Designed by C.P.H. Gilbert, the 6-story, roughly 16,000-square-foot house remains mostly intact, according to Mr. Santa Ana. The exterior is carved with gargoyles,



Built: circa 1899
Cost: \$13.6 million
116 rooms

975
FIFTH
 Ave.

sea horses and griffins, while the steeply pitched slate roof has richly adorned turrets. The interiors retain their elaborately carved

woodwork, marble mantels, and small round call buttons used for summoning the maid and butler. An elevator and silver safe are



Ukrainian Institute

also original to the house.

The house is separated from the street by a moat-like courtyard with a "drawbridge" over it.

Since Russia's invasion of Ukraine, the building has received hundreds of visitors, many leaving bouquets, said Mr. Santa Ana.

Riverside, the Charles M. Schwab mansion

The 4-story home of steel magnate Charles M. Schwab occupied an entire block in the 70s on Riverside Drive. Mr. Schwab paid \$865,000 for the land and spent

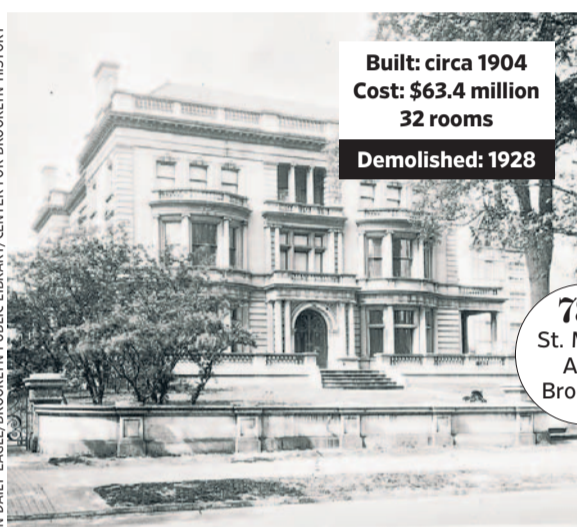
some four years and about \$8 million building the house, around \$279 million today, according to his great niece, Ann Dougherty. Built of steel, granite and limestone, the free-standing 75-room house had a bowling alley, a chapel, a 60-foot swimming pool and

three elevators. A music lover, Mr. Schwab bought an organ and concealed its pipes behind tapestries woven by 100 Flemish women who had been brought to America specifically for that job, according to "Steel Titan: The Life of Charles Schwab" by Robert Hessen.

With his finances depleted during the Depression, Mr. Schwab offered to sell Riverside and its furnishings for \$4 million to the city for use as the mayor's official residence. Mayor Fiorello La Guardia refused. Riverside was eventually repossessed in payment for

Mr. Schwab's debts, and he moved into a small apartment. The house was sold for \$1.5 million. After its demolition in 1948, two apartment houses rose in its place.

Ms. Dougherty, 79, recalls watching its demolition: "It was so sad. It was quite a place."



Built: circa 1904
Cost: \$63.4 million
32 rooms
Demolished: 1928

789
 St. Marks
 Ave.,
 Brooklyn



Seamans Mansion

Today, the former site of the Clarence Seamans mansion is an out-of-the-way Brooklyn block lined with down-at-heels apartment buildings and a few dilapidated townhouses. In the early 1900s, however, the area was known as the St. Marks District, one of the most expensive and exclusive neighborhoods of Brooklyn, according to architectural historian Suzanne Spellen. It was here that Mr. Seamans, a typewriter mogul, hired architect Montrose W. Morris to design the 4-story limestone mansion widely considered to be the finest house in Brooklyn,

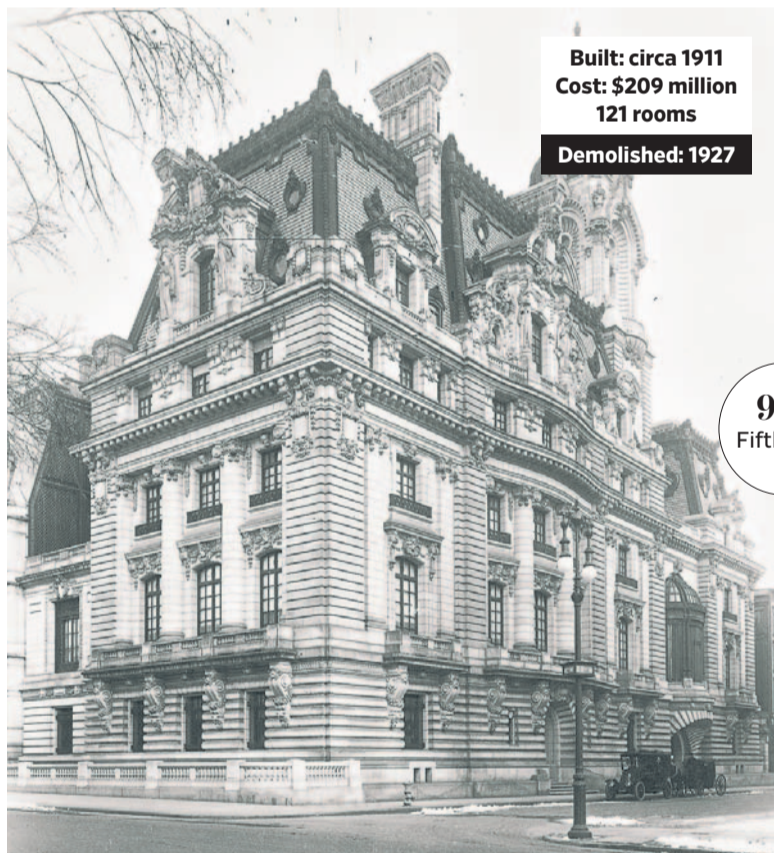
Ms. Spellen said. The Italian Renaissance Revival house, which cost about \$2 million to build and furnish, "was a big topic of the day because it was so big and so ostentatious," she said. It had 32 rooms, including a bowling alley, a ballroom and an "Orientalist Room." There was also a swimming pool and an underground passageway leading from the main house to the carriage house.

Mr. Seamans died in 1915. His wife sold the house a few years later, in 1921, for \$250,000. It was later torn down to make way for the Excelsior apartment building. "It didn't even last a generation," Ms. Spellen said.

The William A. Clark house

Even by Gilded Age standards, the free-standing Beaux-Arts mansion of William A. Clark at 77th Street was viewed as over the top, Ms. Crain said. "It was just hideous because it was such a design mash up," she said. Sen. Clark, who made his fortune in mining, banking and railroads, represented Montana in the U.S. Senate in the early 1900s. The house incorporated design elements from his two "places of the heart"—France and Montana, said his great-grandson, Ian Clark Devine. "I don't think the architectural critics of the day understood the importance of these influences," he said.

The house had 121 rooms, according to the book "Empty Mansions" by Bill Dedman and Paul Clark Newell Jr. Mr. Clark spent about \$7 million on the house, about \$207 million today, according to the book. The house was occupied for 14 years. After Sen. Clark died in 1925, the house was sold for less than \$3 million and demolished. Today an apartment building stands in its place.



Built: circa 1911
Cost: \$209 million
121 rooms
Demolished: 1927

962
 Fifth Ave.



Scenes from the 'The Gilded Age.' Wealthy New Yorkers in the 1880s vied to show off their riches by building elaborate, European-inspired houses.

LIVE THE GILDED AGE IN 2022

The grand mansions of New York's Gilded Age are nearly all gone, but the city still has many smaller brownstones and town-

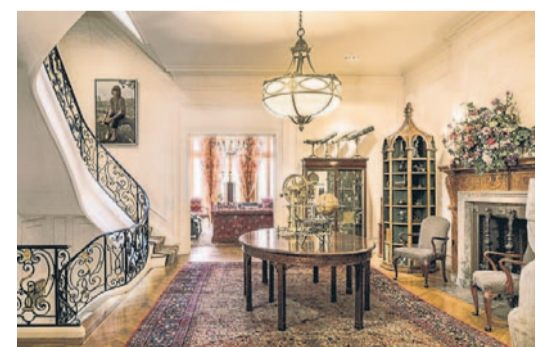
houses built around the same time. While most were divided into apartments or converted to other uses in the mid-20th cen-

tury, in recent years wealthy purchasers have been turning them back into single family homes. Here are a couple on the market.



973 FIFTH AVENUE
ASKING PRICE: \$80 million
Approximate square footage: 15,000
Bedrooms: 10

Designed by McKim, Mead and White, this circa 1906 townhouse is one of the only private residences on Fifth Avenue, according to listing agent Leighton Candler of the Corcoran Group. The 6-story home has been meticulously restored, with original details including mahogany paneling in the library. A few pieces of the home's original furniture also remain in place, she said.



9 EAST 88TH STREET
ASKING PRICE: \$38 million
Approximate Square footage: 14,100
BEDROOMS: 7, plus a staff bedroom

Unlike most Gilded Age townhouses, this roughly 20-room Beaux-Arts home has remained a single-family residence since it was built around 1903, according to listing agent Roberta Golubock of Sotheby's International Realty. The house has its original wood-paneled elevator, silver safe and two servants' staircases in addition to the main stairway, she said.

FROM TOP: CLOCKWISE: FPG/GETTY IMAGES; ZACK DEZON FOR THE WALL STREET JOURNAL (3); ANDREW FRASZ FOR SOOTHEBY'S INTERNATIONAL REALTY; MW STUDIO FOR THE CORCORAN GROUP; ALISON COHEN ROSA/ARND (2); GEO. P. HALL & SON/THE NEW YORK HISTORICAL SOCIETY/GETTY IMAGES; BROOKLYN DAILY EAGLE/BROOKLYN PUBLIC LIBRARY/CENTER FOR BROOKLYN HISTORY

MANSION

HOMEOWNEROUS | KRIS FRIESWICK

The Family Photo Quandary

What do you do with a box of old photos when you don't know who's in them? Some helpful tips.



One of the unavoidable signs of growing older is that family mementos and heirlooms will begin to accumulate in your home. Some of them, like, say, an ancient threadbare stuffed Kanga with the little Roo in her pouch that belonged to your mother, are freighted with so many emotions and memories that living without them is unthinkable. Other objects, like the little tin box with the weird inscription on the top that you can't read, will simply confuse you. Where did this come from? Who owned it? Why did they own it? Why did anyone own it? Still, you can't bring yourself to toss it or give it away. It belonged to someone related to you and is part of the story that is your family.

But of all the household stuff you accumulate through trickle-down inheritance, no heirloom is more powerfully sentimental and guilt-making than old photographs filled with people you don't recognize. A box of ancient, unlabeled black-and-white or sepia-toned images can make you thank the gods for digital photography, which thoughtfully comes with a time and location stamp (if you so choose and due to my terrible memory, boy do I so choose).

As facial recognition technology becomes even more eerily powerful, it's just a matter of time before you won't even have to label your digital photos with people's names—your photo app will just know who everyone is. You don't have to lug digital photos from house to house and find somewhere to store them while you ignore them for another decade.

These old print images, on the other hand, come with nothing but mystery. Well, you do know one thing: Most of the people in them are family. You know this because twice a year, when you dive into the box to try to figure out what to do with it, you recognize your grandmother's bushy eyebrows on an old lady rocking in a chair on a porch from what looks like 120 years ago; you see your mom's kind eyes on a little girl riding a horse bareback; your grandfather's nose appears on the groom in a sepia-toned wedding photo; your first cousin once removed's perfectly spherical head appears on a dour old pastor. But you've got no way to actually tell who anyone is. Everyone who could tell you is gone, can't remember, or never knew.

You could throw these old photos out. The people in them are strangers, really. The big box of photos is taking up valuable



closet space you could be using for your comically large trove of cycling gear.

That won't happen. The people in the photos are family and you can't throw out family. So, here are some things you can do when you're stuck with a big box of other people's memories:

Upload

Joe Bott has been collecting images of strangers since he was 19. In 1998, Mr. Bott, who lives in Springdale, Ark., had amassed thousands of photos and decided to start a website so he could try to find people who could lay a family claim over them. Over 20 years later, his website, dead-

fred.com, has returned or reunited over 3,000 images, his and those posted by others, with people with a link to the subjects. Anyone can upload their old photos to the site, include as much info as they have about the people, time or place pictured, and crowd-source the identity of the subjects. "It's like baiting a hook," says Mr. Bott. "Put it in the water and hope someone comes by." Working in your favor, he says, is that in the olden days of print photography, the photographer never made just one copy of these images. So chances are high that someone else has a copy and that person might know who the dour pastor is. Deadfred.com is free. "I

get a bump giving photos back to families," Mr. Bott says. Another way to try to identify those mysterious faces is with Ancestry.com, which charges a subscription fee. It helps you build out your family tree using records, and sometimes photos, that other people have uploaded. You just may find a familiar face in there. Warning: Total rabbit hole. Clear your calendar.

Socialize

Find a relative, no matter how distant, and go through the images together. Your side of the family didn't label photographs with who was who, but maybe the members of some other branches did. I intend to bring my great big box of old photos to my first

No heirloom is more sentimental and guilt-making than old photos filled with people you don't recognize.

cousin once removed to see if he recognizes any of those bushy eye-browed people. Plus, he owns a cool bar in Brooklyn, so at the very least, we'll get to make some more family memories.

Ignore

Ignoring the images is by far the easiest, but most guilt-inducing strategy and, barring success with my first cousin once removed, it is most likely the strategy that I, and probably you, will pursue—at least until we somehow have lots of time to get sucked down the rabbit hole of genealogy research. In the meantime, we'll continue to move those photos from house to house, look at them once in a while as a way to visit our mother's eyes and our grandfather's nose. We'll probably never know who any of these people are. Does it matter? Not really. They are us and we are them and, for many of us, it's all they left behind. We'll just have to continue to find somewhere else to store all that other stuff.

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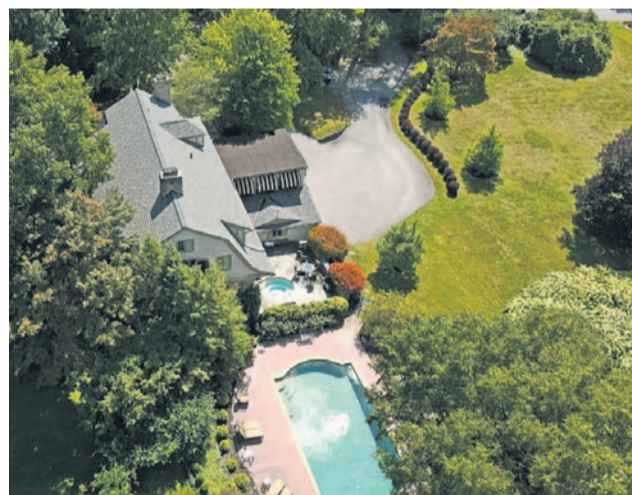
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PRIVATE PROPERTIES

A Restored 1920s Mansion Is Winnetka's Priciest Home for Sale



A 1920s mansion asking \$6.95 million is the priciest listing in Winnetka, Ill. The seven-bedroom house spans about 9,700 square feet, according to listing agent Glo Rolighed of @properties.

FOR SALE
\$6.95 MILLION
7 bedrooms,
9,700 sq. ft.

The seller is William Galvin, 35, a Winnetka native and the son of former Motorola chairman and CEO Christopher Galvin. The younger Mr. Galvin purchased the property, which spans more than 2 acres near his parents' home, for \$4.9 million in January 2017.

William Galvin said he and his wife, Steffi Galvin, 35, spent about \$2.1 million renovating the house with help from his mother, interior designer Cindy Bardes Galvin of Bardes Interiors.

"It was a very formal old house built in the 1920s," said William Galvin, founder of the public equities investing company Aldabra Partners. "We had to dress parts of it down in some ways to make it more warm, friendly and livable."

The home has a great room with original custom wood paneling, and a glass conservatory overlooking a walled garden, according to Ms. Rolighed. The dining room is silver-leafed and hand-painted with flora and fauna by local artist David A. Ryan.

There is also an elevator, several fireplaces and a gym with views of a pond, said Ms. Rolighed. The primary bedroom suite has double walk-in closets, a sitting room and a bathroom with a deep soaking tub overlooking the pond. The kitchen island has leathery dolomite countertops.

The property has an in-ground pool, a four-car heated garage and professionally landscaped gardens with fountains.

William Galvin said his parents still own property in Winnetka, but now live primarily in Florida, so he and his wife moved to her hometown of Charleston, S.C., to spend more time with her parents.

Motorola, a Chicago-based telecommunications company, was founded by William Galvin's great-grandfather, Paul Galvin, in 1928.

—Sarah Paynter

► See more photos of notable homes at [WSJ.com/RealEstate](https://www.wsj.com/RealEstate). Email: privateproperties@wsj.com

Cost in 2017: \$4.9 million



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MULTI STATE OFFERINGS



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Top: 7200 Brookstone Court, Potomac, MD
This contemporary architectural masterpiece is situated on a breathtaking bucolic 2.23 acre lot at the end of a private cul-de-sac. The home boasts five bedrooms, five full and two half baths and 11,690 total sqft. Two swimming pools, a 2-car detached garage, plus off-street driveway parking for over a dozen vehicles completes this amazing package. \$2,695,000

Middle: 1111 19th Street N #2901, Arlington, VA
This stunning penthouse condo at the luxurious Waterview Condominium is unlike anything you've seen before! The three-bedroom, three full and two half bath penthouse condo, which was originally two units combined into one, completed a year and a half gut renovation by Peterson & Collins in 2008. Featuring over 4,700 interior square feet and three egresses, the condo offers breathtaking views of Georgetown, the Potomac River and Theodore Roosevelt Island from the floor-to-ceiling windows in every room. \$7,950,000

Bottom: 8350 Chapel Point Road, Port Tobacco, MD
Welcome to Sugar Nut Farm – This extensive estate offers unmatched levels of privacy, security and tranquility. Built on over 114 acres, this six bedroom, nine full and two half bath 10,000+ sqft residence is secured by iron gates and backs to the 600-acre Chapel Point State Park, which is located on the beautiful Port Tobacco River. Plus, a huge modern barn-like structure including two separate apartments. This property is the perfect set up for a complete and unlimited lifestyle fully supported on your own secure grounds. \$3,500,000



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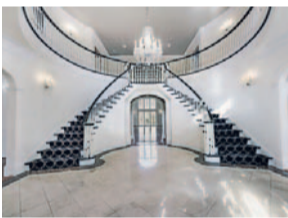
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MANSION

HOUSE CALL | SETH MEYERS

Growing Up A Procrastinator Led to Success

The TV host, comedian and author found waiting until the last minute trained him for improv

Even when I was little, my parents loved comedy and still do. My mom had been a theater major in college and my dad was always the most gregarious person in the room. As a child, I was enamored by his ability to tell a story and hold everyone's attention.

On road trips, we'd always listen to tapes in the car of humorists like Jean Shepherd, P.G. Wodehouse and others known for a slightly higher brand of humor. We also watched TV-comedy together.

In school, I wasn't a jokester. I was more likely to make a wry comment in the back of the room about the loudest kid in the front. At home, I never got in trouble for being funny, just for not applying myself.

We lived in Michigan until I was 10 and then moved to Bedford, N.H., after my dad, Larry, got a job nearby. He was in finance.

Soon after we arrived, he took a new job in Boston. To his credit, we stayed put as he commuted an hour each way.

My mom, Hilary, was a homemaker and began teaching middle-school French when I was in

fifth grade.

The house where I grew up was at the end of a cul-de-sac. Out back were woods and a poorly shaped yard. When we were kids, my dad had removed trees on our property at the bottom of a hill so we'd have a proper lawn. But it was too narrow for sports—unless you ran a 50-yard sprint.

I looked up to my dad. He worked hard to get where he was. Throughout middle school and my early high-school years, he grew

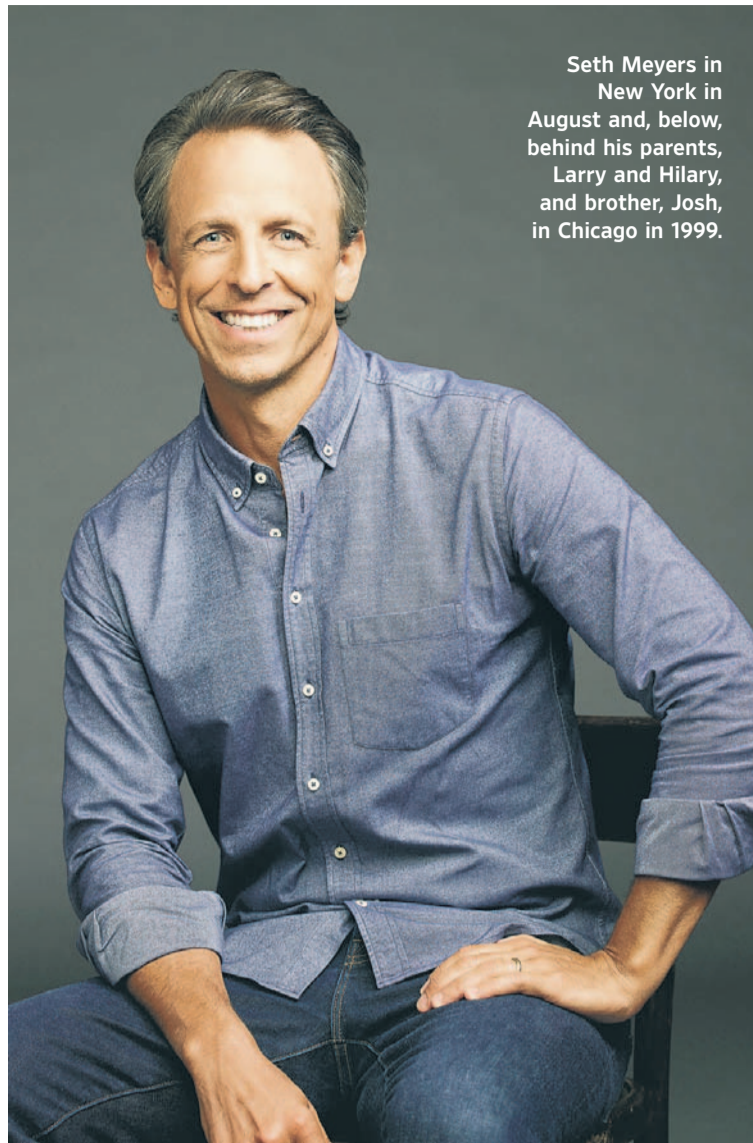


deeply frustrated that I'd leave everything for the last minute.

One of the downsides of having a child who's a good storyteller is his ability to tell you convincing lies—up until the report card arrives.

My mother has been my biggest fan and has never seen fault in anything I've done. My father was the disciplinarian.

Whenever I told my parents that something funny got a big



Seth Meyers in New York in August and, below, behind his parents, Larry and Hilary, and brother, Josh, in Chicago in 1999.

laugh in class, I said someone else had said it. Nothing was more depressing to me than my father saying that something wasn't funny.

My younger brother, Josh, and I were very close and still are. We were an insular family. It was always just the four of us all the time. We even played Hearts together at our four-seat kitchen table. When my wife first came to our house, she looked at the table without a fifth chair and said, "This explains everything."

I never auditioned for a play in high school because I never had the nerve. When I first arrived on campus at Northwestern University during new-student week, I saw the school's famed Mee-Ow improv group perform.

For me, seeing the troupe was love at first sight. Improv was a procrastinator's dream. Their entire job was the definition of waiting until the last minute.

I had intended to be a film and TV-production major, but I soon realized that filmmaking was ponderous. I had worked in a video store and loved movies, but when I heard what was involved, it felt as much like science as art. I remained a film major but shifted my focus to writing.

I wasn't accepted into Mee-Ow until my senior year. There were only eight slots and the eight students who had them were exceptionally talented. Determined, I took improv classes at ImprovOlympic in Chicago. I really

SETH'S DÉCOR

Home's best feature? A terrific view. I love looking out over New York.

Interior? My wife's sister is an accomplished designer. I have no idea what style it is, just that it's beautiful.

Do you have a say? Sort of, thanks to a scam they run on me.

How so? They make design decisions and I'm not allowed to complain for a month.

And then? If I still don't like something, they say, "Well, we've already used it. We can't really return it now."

wanted it.

When I was finally cast for Mee-Ow and on stage doing improv, I thought, "Oh, this is it. This is what I want to do." Five years after I graduated from college, I joined the cast of "Saturday Night Live," in 2001. I began hosting "Late Night" in 2014.

Today, my wife, Alexi, and I live with our three kids in New York's Greenwich Village in an apartment near Washington Square Park. Growing up, I couldn't wait to move to the city. My kids are the opposite.

When we visit my parents in New Hampshire, they are, like, "Dad, maybe one day you'll get a better job on TV and we'll be able to afford a house like this."

I did stand-up in my hometown last night. My dad hasn't loved everything I've ever done, but when he loves it, he says so without hesitation. Come to think of it, last night he wasn't that effusive. I'll have to check back in with him.

—As told to Marc Myers

Seth Meyers, 48, is an Emmy-winning comedian, actor, producer and host of NBC's "Late Night With Seth Meyers." He is the author of the children's book, "I'm Not Scared, You're Scared!" (Penguin Young Readers).



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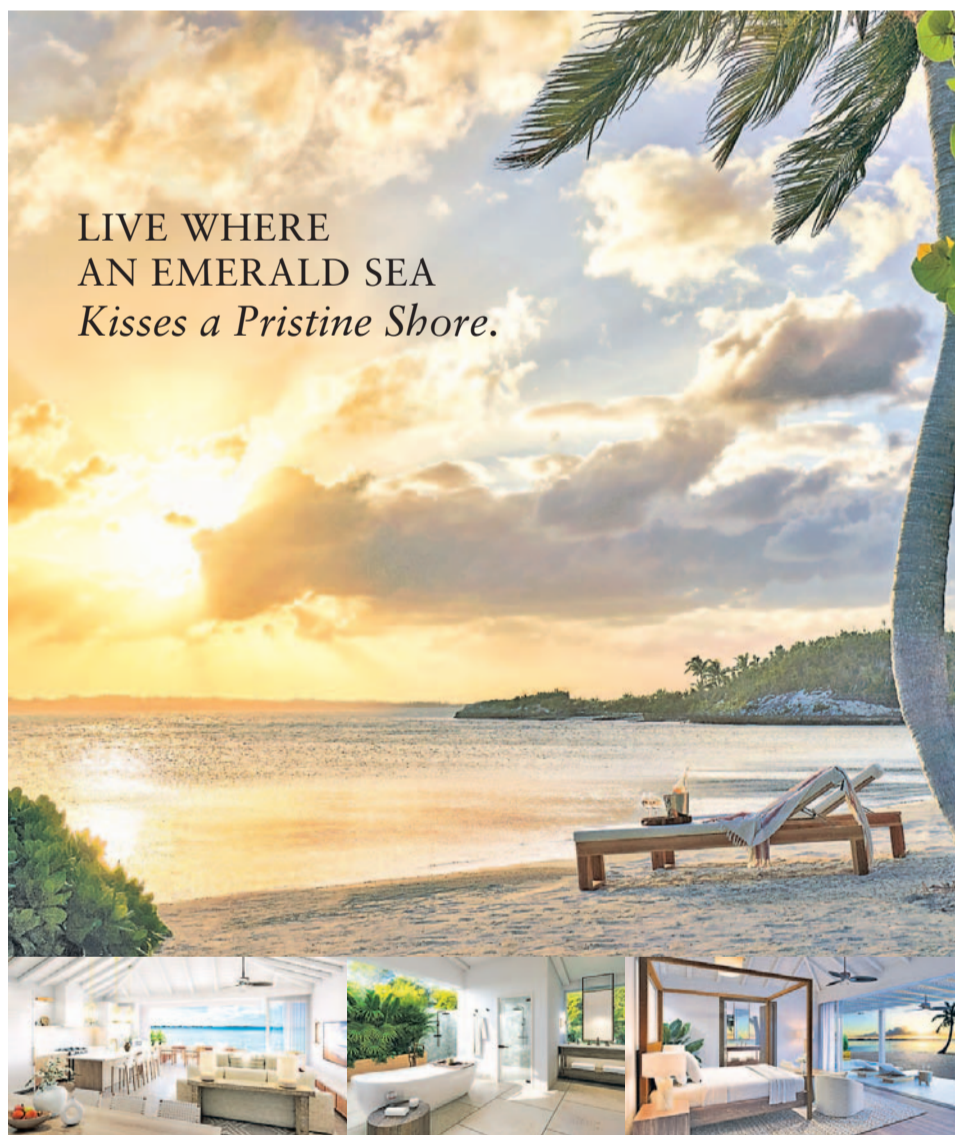


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